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NEWS SUMMARY

GENERAL

Saudi envoy sent to Syria

senior Saudi Arabian envoy rying a letter from King aled arrived in Damascus last ht and was received immed- aly by Syrian President ad.

his unexpected mission fol- ed yesterday's resumption by ael of attacks on Palestinian errilla bases in Lebanon, ich might incite Syrian inter- tion.

yria did not react to the cks, Israel's first air strikes ce the Lebanese missile is started a month ago, which e a day after U.S. mediator lip Habib left the region. ge 2

IRA 'playing its last card'

me Minister Margaret tcher, on a surprise visit to ter, said yesterday the ngar strikes by terrorist soners in Belfast's Maze sen might be the IRA's "last d." Page 8

n Londonderry a lone soldier undercover duty killed two of r IRA ambushers and aped unhurt. The IRA said was helped by two car loads SAS soldiers. The third man s injured critically but the rth escaped.

Wyszynski dies

dinal Stefan Wyszynski, nan Catholic Primate of and, died aged 79. Obituary, ge 2

Talks in Paris

nmon Market questions were ected to be principal topics ussed last night in Paris ween Foreign Secretary Lord rington and French External airs Minister M. Claude eysson.

Cancer success

ICI drug called Razoxane, on l at Westminste rnd xham Park hospitals, halves death-rate of, and relieves, ents who suffer from cancer he colon and rectum.

FT to lose staff

Financial Times is to cut its 0 staff by more than 200 in next year. Page 9

Heroin seized

gs squad detectives seized ozs of pure heroin worth),000 in two raids at don's King's Cross and est Gate. Three men are ping with inquiries.

Finnish strike

nish flight-control staff an an indefinite pay strike, ping all flights.

Carrier to return

aircraft carrier Midway will rn to her Yokosuka, Japan, in spite of a controversy Japan over whether she is ying nuclear weapons, the Navy said. Political crisis, e 3

Docks dispute

ockers' dispute at Southamp- may disrupt weekend cross- nnel ferry services there prevent the QE2 docking on lay. Labour scheme row, Page; Liverpool idle, e 9

Tight security

h African police tightened rity after guerrilla attacks uding Wednesday's Durban b blast in which there were asualties. Gold-miners dis- ed, Sanctions, Page 3

Horses collide

Newmarket Beldale Flutter wounded when in collision Morocstyle. Page 10

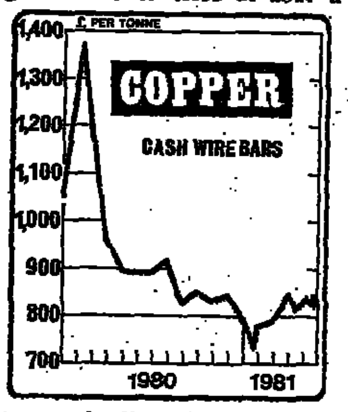
BUSINESS

Dollar weakens; Gold up $11.5

● DOLLAR weakened on declining U.S. interest rates, with most European markets closed. It eased to DM 2.325 (DM 2.347), FFr 5.51 (FFr 5.55) and Y224.25 (Y225). Its trade-weighted index was 106.9 (107.5). Page 33

● STERLING Bank of England index was 0.1 down at 98.6. It rose 1 cent to $2.0695 but was lower at FFr 11.395 (FFr 11.43), SwFr 4.2925 (SwFr 4.305) and DM 4.815 (DM 4.8375). Page 33

● COPPER cash wirebars gained £16 to close at £847 a



tonne, leading London metal prices up. Page 39

● GOLD rose $11.5 to $478.5 in London. In New York the Comex June close was $481.7. Page 33

● EQUITIES drifted after a firm opening. The FT 30-share Index closed 0.2 higher at 545.6. Page 40

● GILTS were boosted by U.S. interest rates. The Government securities was 0.28 up at 67.23. Page 40

● WALL STREET was off 3.8 at 989.34 before the close. Page 38

● U.S. TRADE DEFICIT widened sharply in April to $3.46bn from $451m in March.

● UK MOTOR component makers denied Nissan claims that they could not match the quality of their Japanese counterparts. Back Page

● JAPAN rejected calls to restrict car exports to the EEC after two days of talks in Brussels. Page 6

● UK CRUDE OIL production for the three months to end March was a record 21.9m tonnes, 7.4 per cent up on the 1980 first quarter. Page 8

● INDUSTRY may spend 4 per cent less in real terms on capital investment this year, than last year, figures suggest. Page 8

● MINERS' pension fund money should be lent cheaply to enterprises wanting to convert from oil to coal-fired plant, Derbyshire miners proposed. Page 9

● PRINT craft unions appeared certain to merge after Slade members voted two to one in favour of amalgamation with the NGA. Page 9

● WEST MIDLANDS County Council will set up a £43m fund to promote industrial development in the area, suffering the worst employment decline in the country. Page 7

● AUSTRALIA plans legislation to block loopholes which allow multinational companies to avoid tax by shifting income abroad. Page 3

● BRAZIL'S foreign debt, the world's biggest, is $60bn (£29m), up from $56bn at end 1980.

● CO-OPERATIVE Wholesale Society, Europe's biggest food maker and wholesaler, reported pre-tax profits for the year to January 10 down from £23m to £12.2m. Page 8

● UBM GROUP, builders' merchant, reported pre-tax profit for the year ended February 28 down from £12.37m to £2.67m. Final dividend was 3p (5.5p). Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

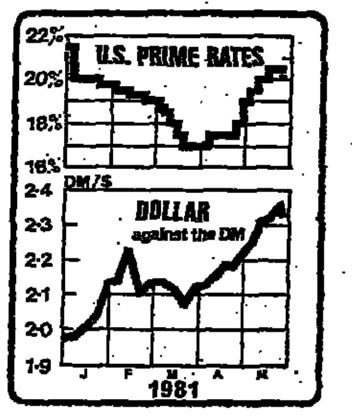
RISES		
.. 11½pc 2001-04	£85½	+ 1
d Leather	200	+ 17
ll Foods	112	+ 7
Inds.	352	+ 9
er & Dobson	7½	+ 1½
son Clark	178	+ 8
nder (G. M.)	66	+ 6
oods	218	+ 8
l	212	+ 24
rated Land	119	+ 5
rly (E.)	94	+ 6½
op (W. & J.)	56	+ 6
Samuel	151	+ 7
national Paint	122	+ 10
n-Elemr 4pc	£218	+ 20
Peck	258	+ 13
nark	137	+ 12
ouse	96	+ 6
Whatman Reeve Angel	137	+ 9
Wimpey (G.)	119	+ 10
Young & Co.'s A	226	+ 9
Bearcat	460	+ 55
Killinghall	750	+ 62
Whim Creek	64	+ 6
FALLS		
British Syphon	49	− 6
Courtaulds	64	− 3
Findlay Hardware	21	− 3
Ford (Martin)	24½	− 3½
G.R.E.	278xr	− 11
Hambros Bank	790	− 20
Norland Elec.	29	− 5
Samuelson Film	270	− 30
Spring Grove	102½	− 5½
UBM	61	− 7
Central Pacific Mins.	140	− 10

Chase Manhattan cuts prime to 20% amid optimism in markets

BY DAVID LASCELLES IN NEW YORK

CHASE MANHATTAN, the large U.S. bank, yesterday cut its prime rate a half percentage point to 20 per cent, marking the first downward move in this key lending rate since it started its unexpected rebound upwards two months ago.

The cut came as increasing optimism about a decline in U.S. interest rates from the record levels they have hit in recent weeks spread through Wall Street and Washington. This view was strengthened by Mr. Donald Regan, the Treasury Secretary, who said yesterday that interest rates would probably fall in the next few months.



The credit markets all rallied strongly in what traders described as a very bullish mood, helped by the release in Washington of the latest index of leading economic indicators. This showed a modest 0.4 per cent rise for April, compared with 1.8 per cent in March, and suggested that the economy might be slowing, thus taking some of the steam out of credit demand.

But analysts continued to warn against assuming that the interest rate tide had turned, and it was evident that the Federal Reserve had not relaxed its policies to any significant extent.

The ground for a rally was laid earlier this week when short-term interest rates fell sharply from last week's levels in the wake of better news on the U.S. money supply. The Fed funds rate on overnight inter-bank money fell from more than 20 per cent to the 16-17 per cent range, and bond prices improved.

This reduced the cost to banks of funding their commercial lending, and triggered yesterday's prime rate cut by Chase, the New York bank which moves its prime rate aggressively and is usually at th forefront of broad changes.

Other banks were slow to follow, however, indicating that broad segments of the financial community are still decidedly cautious about assuming that interest rates have peaked, though several senior economists in addition to Mr Regan have predicted that rates will start falling soon.

Doubts centre in the fact that the Fed is still intervening in the markets in a way which seems designed to prevent the funds rate from falling through the 17 per cent level. The strength of the market is such that these interventions have not had the desired effect, however.

Dr Henry Kaufman, the influential money market economist at Salomon Brothers, reiterated his view during a speech in New York last night that the credit markets will remain highly volatile, and that both short-term and long-term interest rates will on balance edge higher in the months ahead. Dr Kaufman bases his view on what he expects will be powerful demand for credit from both the public and private sector.

Some doubts might be erased if tonight's money supply figures turn out to be flat or lower, which is what Wall Street expects.

Politicians made the most of yesterday's better mood to press the view that interest rates have peaked.

Mr. Regan's prediction that rates were at or near their peak came at a meeting of businessmen in Washington, and he was evidently hoping to soothe their fears about crippling financing costs.

Mr Malcolm Baldridge, the Commerce Secretary, was also reported as saying in Washington yesterday that the economic forces are already at work which will cause "a dramatic fall" in interest rates by the end of this year.

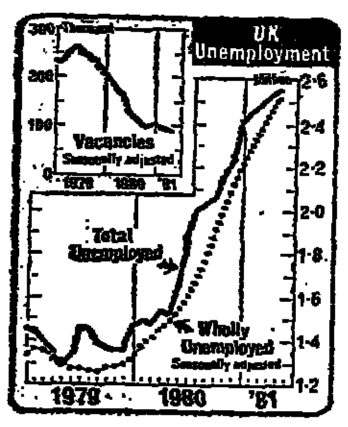
Why money supply holds Wall Street in thrall, Page 4

Rise in jobless smallest since last June

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE RATE of growth of unemployment in the UK has slackened appreciably in the past few months, though only after a doubling of the adult total to more than 2½m in less than two years.

The demand for labour remains sluggish as notified vacancies are at record low levels. The wave of redundancies is continuing and more than one in five jobs in the metal manufacturing and textile industries have disappeared since the start of the recession in mid-1979.



Department of Employment figures published yesterday show that the number of adults out of work in the UK rose by 62,300 in the month to mid-May to 2.51m, seasonally adjusted. This was the smallest monthly rise since June last year.

The slowdown to an average rise of 70,200 in the three months to May is solely by comparison with the record increase of 115,200 a month in the October to December period last year. The recent rise is high by the standards of any previous post-par recession and the percentage of the workforce registered as unemployed—10.4 per cent for adults—is much higher than in most other industrialised countries.

After adjusting for the usual seasonal fall between April and May, the overall "headline" total in the UK rose by 33,200 to 2.56m. This mainly reflected a rise of 26,000 in the number of out of work school leavers to 99,000. Further school leavers over the next two or three months will result in a sharp rise in the overall total.

The total would be much higher but for the Government's special employment measures which are keeping about 310,000 people off the unemployment register. In addition, a sizeable number of people appear to have left the labour market entirely without seeking work.

There are positive signs, how-

Continued on Back Page

THE PEOPLES MARCH FOR JOBS—unemployed workers marching from the North to London—arrived in North London yesterday and were greeted by local factory workers. The marchers plan to arrive in central London today and will hold a rally in Trafalgar Square on Sunday.

Investment intentions; unemployment may, Page 8

Big rush to trade financial futures

BY DAVID MARSH

MUCH TO the relief of the City institutions working to set up the London financial futures market, the Dartmoor prisoner who wrote in last year inquiring about the profit possibilities of forward gilt-edged trading has not asked to become a member of the exchange. Practically everyone else has.

The committee backing the exchange has been inundated with inquiries since it invited subscriptions for membership seats a fortnight ago at £20,000 apiece.

The market, which will allow trading in future dates for a range of currency and interest rate contracts, will not open until next year.

Participants make or lose money depending on the relationship between the price agreed for the futures contract and subsequent movements on financial markets.

But Mr John Barkshire, who chairs both the committee and money brokers Mercantile House, has received 400 requests for application forms from financial institutions and individuals. All are eager to use the exchange to hedge risks—and to take speculative positions on volatile currency and credit markets.

Fifty application forms have already been filled in. Since only 200 membership places are available under the initial offer, which closes at the end of June, Mr Barkshire is confident of over-subscription.

Just to rub home that procrastination can be expensive, Mr Barkshire says the second tranche of 200 memberships, to be sold later, will each be priced at "not less than £30,000."

Most applicants are banks, discount houses, money brokers, stockbrokers and commodity traders.

About 30 presumably wealthy individuals — mainly from Britain, the U.S. and Europe, but including one from the Middle East—have also made inquiries. Several of these, Mr Barkshire feels, may not be genuine traders.

Mr. Barkshire expects all the big U.S. banks to join. In Britain, Midland and Barclays have shown an interest.

Put options off to bouyant start Page 8

£ in New York

	May 27	Previous
Spot	$2.0700-0710	$2.0605-0615
1 month	1.02-1.07 pm	1.25-1.32 pm
3 months	3.22-3.29 pm	3.50-3.65 pm
12 months	7.40-7.60 pm	7.70-7.90 pm

Forlani accepts invitation to form new government

BY JAMES BUXTON IN ROME

SIG ARNALDO FORLANI, who on Tuesday in the wake of one of the country's major post-war political scandals, was yesterday called upon by President Sandro Pertini to tackle the daunting task of forming a new government.

Sig Forlani yesterday admitted that forming another Administration was going to be especially difficult in present circumstances. The shock waves continue to spread from the scandal over the P-2 freemasons' lodge whose activities were opened to public scrutiny a week ago and led within days to the fall of the government.

It was almost a foregone conclusion that the 84-year-old President would give Sig Forlani the mandate, in view of the endorsement by the Christian Democrats, who have provided every prime minister since the war, of Sig Forlani and the personal respect that the President has for him.

But a great deal depends on the position taken by Sig Bettino Craxi, the Socialist Party leader, who has called for fundamental changes in the country's political system and may see the present crisis as a chance to wrest the prime ministership away from the Christian Democrats.

Sig Craxi, who ensured the fall of the Government by refusing to help Sir Forlani find a way of dealing with the P-2 scandal in which three Government ministers are implicated, was yesterday guarded about his intentions. But he denied any intention of wishing to prolong the current crisis until June 21 when important regional elections take place which could improve the Socialists' standing in the political balance of forces.

Earlier, leading members of the Socialist Party had expressed strong opposition to joining an updated version of Sig Forlani's previous four-party coalition

Sir Forlani is likely to explore the possibility of bringing the small conservative Liberal Party into a five-party coalition. But this may not be an adequate response to the gravity of the present crisis.

Industrialists' associations and trade unions yesterday expressed their dismay at the sudden imposition on Wednesday night of a 30 per cent import deposit scheme which will last for four months.

Italian generals suspended Page 2

Berisford battles on for British Sugar

BY CHRISTINE MOIR

S. AND W. BERISFORD'S determination to win the year long batle for control of the British Sugar Corporation shows no signs of diminishing.

Yesterday the international commodity trader raised its bid by a further 18 per cent with a package which values British Sugar at £201m, more than 60 per cent higher than Berisford was prepared to pay on its intial bid last May.

This may not even be its last offer. The announcement of the new package, which came just four days after the previous offer, won acceptances worth only 0.21 per cent of the votes, and did not include a statement that it would be a final offer.

British Sugar's shareholders are offered either 335p in cash, the market price of British Sugar's shares yesterday: 2.75 Berisford shares—worth a total of 363p based on yesterday's price for Berisford: or 335p nominal of loan stock.

Berisford has also produced its interim profit figures and a promise that the current year's dividend will be no less than 7.5p—a 15 per cent increase on last year.

Before tax, the group managed a small improvement in profits from £16.77m to £17.42m

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Courtaulds reports £114m loss

BY SUE CAMERON, CHEMICALS CORRESPONDENT

COURTAULDS, the UK-based textiles group which has shed more than 20,000 jobs in 12 months, yesterday reported a swingeing £114.1m loss—a deficit three times as big as the £36.5m profit of the previous year.

The company blamed the losses on the recession and the strength of sterling which had led to increased import costs. It hinted strongly that further job losses could be expected.

But Courtaulds' net debt fell by an impressive £70.4m to £196m in the year ending March 31, 1981. This reduction came from sales of assets and a decline in the value of stocks from £434m to £340m over the period.

The £114.1m loss came after tax of £12.1m, minority interests of £9.5m and extraordinary items of £97.6m. The £97.6m figure reflects the cost of reorganisation and closures plus "the writing down of fixed assets where the continuation of the operations concerned beyond the next few months is in doubt."

Courtaulds said the additional depreciation was £41m but it stressed that it had "no master closure list." It could have allowed too much or too little in additional depreciation and it did not know how many more jobs might have to go.

Its individual operating units would make their own recommendations according to trading conditions.

The group had sales of £1.709bn compared with £1.819bn the year before. It made a pre-tax profit of £5.1m in the year ending March 1981—a huge fall on the £68.1m pre-tax figure of the previous year.

Its biggest difficulties were in fibres, yarns and fabrics which account for about two-thirds of total business. Volume sales for fibres and yarns fell by 27 per cent while those for fabrics dropped by 17 per cent. But Courtaulds said yesterday destocking appeared to be coming to an end.

The group's shares closed at 64p, down 3p on the day.

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Courtaulds plunges Page 22

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For latest Share Index phone 01-246 8026

The Polish Primate's shoes will be hard to fill, writes **Christopher Bobinski**

Wyszynski's death carries risks for Poland

BELLS TOLLED in churches throughout Poland yesterday in mourning for Cardinal Stefan Wyszynski, who died early yesterday, while a stream of people, many in tears, slowly filed past the simple grey coffin adorned with a red cardinal's hat at the Polish Roman Catholic leader's home in Warsaw.

The country's bishops, meeting to decide about Sunday's *funeral arrangements, issued a* statement calling the 79-year-old Cardinal a "great moral authority to whom all eyes turned at difficult moments *in* our nation's history."

Polish radio and television reported the news and played solemn music throughout the day. A government Press spokesman described him "a model of good Pole and patriot who had expressed this throughout the whole of his life."

Until a successor is announced, Cardinal Franciszek Macharski, the Archbishop of Cracow and a close confident of the Pope, will be in charge of the day-to-day running of the church as deputy head of the bishops' conference.

Cardinal Wyszynski will have discussed the question of the succession with the Pope, who is ultimately responsible for the decision, and the choice in all probability has already been made. The Polish Government has a right of veto over the choice but, given their weakened position, there is little chance they will oppose the appointment.

The Polish church's policy of acting as a moderating force on political developments is certain to continue. This was agreed between Cardinal Wyszynski and the Vatican, and the Pope, himself a Pole, who takes a keen interest in developments here, will continue to have an important influence on key decisions.

Since the wave of strikes which began last August, the authorities have made many concessions to the church. The most spectacular have been the broadest of mass each Sunday and greater access to the media for religion in general. The Government has also promised that nuns will be permitted to work as nurses in hospitals and that more churches will be allowed to be built.

The church has also made sweeping advances in some areas where the authorities have been helpless to intervene. Bishops and priests now say mass inside factories, something out of the question a year ago. In coalmining districts statues of St. Barbara, the patron saint of miners, have been returned to their traditional places at pitheads with all the requisite religious ceremonial.

Few events seem to take place in the country without a priest present and, in some places, even May Day rallies started with a mass. On top of this the Communist Party has admitted openly that it has Roman Catholics in its ranks and official party documents now confirm that this is no bar to membership.

Ironically, such developments which, from an ideological point of view, should be worrying the authorities, are a source of short-term relief. The Government knows that wherever church influence is strong, there is a good chance that demands for political changes which go too far outside the socialist *framework* will be moderated.

However, once the church lends its support to a cause the authorities are resisting, sooner *or later that* cause is certain to be won. The church's influence was crucial in securing official recognition for the private farmers' *union. Cardinal* Wyszynski discussed the matter for many hours with both Mr Stanislaw Kania, the party leader, and General Wojciech Jaruzelski, the Prime Minister.

The choice of a successor to Cardinal Wyszynski is a difficult one as the Roman Catholic church is at a crossroads in Poland.

If the political situation continues to develop as it has done until now then it will be able to confine itself to religious and moral affairs and *leave* politics to the independent institutions which have been established since August.

However, the risk of external intervention *still* exists and should recent reforms be reversed, then the church will return to its traditional role of defender of human and national rights. The Pope's choice to *head the church will have to* be able to cope in both situations.

One great fear here is that Cardinal Wyszynski's successor will lack his keen political instincts which told him when to go on the offensive and when to make concessions. Thirty-two years at the head of the Roman Catholic church under a communist regime taught the *Cardinal* this art. *His* successor, lacking the experience, risks making mistakes which could cost both the church and society dear.

Churchman who won over regime

IT IS appropriate that as re*cently* as last Monday, Cardinal Stefan Wyszynski, incurably ill with cancer and near death, was still taking an *active interest in the student* demonstrations planned for that day, writes Christopher Bobinski.

Poland's Roman Catholic leader will be remembered mainly for the unfailing energy and keen political instincts which enabled him to bring the Polish church intact through the post-war years and establish his own pre-eminent position in public life.

Born in 1901, the son of a *church organist in a village* in central Poland, he never lost the sense of strong nationalism and mistrust of Russia acquired as a boy in a country then still partitioned among its neighbours.

But when he was appointed head of the church in 1948, he saw, despite his opposition to the communist regime, the need to find a modus vivendi with the pro-Soviet state while preserving the autonomy of the church.

Two years later he signed an agreement with the authorities to the consternation of the fiercely anti-communist Vatican. However, his resistance to demands that the government be given a *decisive say over church* appointments led to his internment in 1953. He was released in 1956 with the onset of a short-lived period of liberalisation.

Few figures in Poland's post-War history can rival the personal authority he enjoyed, and his direct experience in dealing with successive communist leaders earned him the *authorities' respect*.

His relations with the present party leadership under Mr Stanislaw Kania were a far cry from the fierce church-state rivalry of the 1960s when Cardinal Wyszynski, *intent on making up the* ground lost by the church during the Stalinist period, faced the strong-willed party leader, Mr Wladyslaw Gomulka.

The improvement came in 1970 when Mr Edward Gierek, *the new leader*, realised that the church's importance as a stablising force far outweighed the doubtful ideologi*cal benefits of another full*-scale conflict.

Paradoxically, Poland's communist authorities, who had relied increasingly on the Cardinal's political realism in recent months, *may well feel the* loss as much as anyone.

Moscow steps up attack on Schmidt

By David Satter in Moscow

ANOTHER SHARP attack on *Chancellor Helmut Schmidt*, the second in as many days, has been made by the Soviet Union. The Communist Party *newspaper, Pravda, accuses* the West German leader of joining with President Ronald Reagan, to aggravate world tensions.

In a tone which suggested growing distress at the erosion of the Soviet political position in western Europe, Pravda said that "it was not long ago that he (Herr Schmidt) favoured detente, defended Salt II and supported good-neighbourliness with the Sovient Union."

Following his recent visit to Washington, however, Pravda said that Herr Schmidt "mentions the Soviet Union in the *sole quality of a hostile force* with which it is conceivable to conduct affairs only while keeping a stone ready."

Since it invaded Afghanistan, the Soviet Union has tried to split the U.S. from its western European allies. In recent weeks, however, this policy has suffered serious setbacks with the toughening of the West German position and the victory of M Francois Mitterrand over M Valery Giscard d'Estaing *in the French presidential election.*

M Giscard was the first Western leader to break the Soviet Union's diplomatic isolation after Afghanistan and he consistently pressed to keep lines of communication open in order to persuade Moscow to withdraw its forces.

M Mitterrand has made clear that he stands for a considerably tougher policy *in dealing* with the Soviet Union over issues like Afghanistan.

The Pravda editorial, which followed a commentary on Wednesday by Tass, the Soviet news agency, claiming that West German *armament* policies evoked memories of Nazi aggression, appeared to signal a much tougher propaganda line in the pursuit of Soviet goals.

Pravda said the U.S. was "*indifferent to the future of the Europeans*" and anxious that any future nuclear war be fought in Europe so that the U.S. would be unaffected.

West Germany is "already saturated with nuclear and non-nuclear weapons," it added, and is being forced to deploy weapons which expose it to "mortal danger" in the event of a nuclear conflict. Although the U.S. spread its tough line to its allies, "it is not going to take their opinions seriously into consideration."

Reuter adds from Bonn: The *West German Government* yesterday rejected the Soviet accusations as "totally unfounded."

Psychiatrist to go on trial

By Our Moscow Correspondent

A KHARKOV psychiatrist, Mr Anatoly Koryagin, who diagnosed as sane a worker dissident from Donetsk now confined in a Soviet mental hospital, will be tried on June 3 for anti-Soviet agitation, dissidents said yesterday.

Mr Koryagin was arrested in February after stating pub*licly that Mr Alexei Nikitin*, a former mining engineer, was "perfectly sane."

Israeli jet hits Libyan missiles near Beirut

BY DAVID LENNON IN TEL AVIV AND IHSAN HIJAZI IN BEIRUT

ISRAELI war aircraft attacked and destroyed Libyan-supplied and operated SA-9 anti-aircraft *missiles recently stationed with* Palestinian guerrillas in Lebanon, an army official announced in Tel Aviv yesterday.

The attack, the first air strike against the Palestinians in a month, came only a day after Mr Philip Habib, the special U.S. mediator, left the region after failing to resolve the Israel-Syrian missile crisis.

Mr Menahem Begin, the Israeli Premier, intimated last night that this was the first stage of Israeli operations against the presence of anti-aircraft missiles in Lebanon.

The army official claimed that the attack was launched after the Libyan SA-9 jeep-mounted missiles were fired at Israeli planes on a routine patrol over Lebanon.

He pointed out that despite the tension in the region, the Syrian Air Force did not intervene *in the Israeli attacks.* The attacks also destroyed the guerrilla base near Damour, about five miles south of Beirut, which the missiles have been trying to protect.

Six Israeli aircraft attacked Damour and Nameh and initial reports indicated there were heavy casualties. Ambulances took several of the injured to Beirut hospitals as guerrilla leaders declared full mobilisation.

Simultaneously, Israeli jets flew over northern Lebanon and the Bakaa Valley where Syrian troops and anti-aircraft missiles are deployed, but there were no reports of any action.

Artillery duels raged in the south between Palestinian guerrilla positions and Israeli and Christian militia encampments, with shells falling on the port of Sidon.

Israel's intention to renew its *attacks on the Palestinian* guerrillas had been hinted at by Gen Rafael Eitan, Chief of Staff, on Wednesday night. Israel's policy of *pre-emptive strikes* against the Palestinians was unchanged and had only been curtailed while the envoy was in the area, he said.

Launching yesterday's air raids was a calculated gamble *by Israel, because* Gen Eitan also said that he did not know what was the purpose of the recent build-up of Syrian forces.

"It is possible they have mounted this alert and deployment to make good their promise to the terrorists to protect them from us."

Begin and Sadat to meet for talks next week

BY OUR TEL AVIV CORRESPONDENT

LEADERS of Israel and Egypt will meet next Thursday for urgent discussions about the Lebanese missile crisis.

The meeting, the first for 18 months, will be held at Ofira, a small Israeli town built at Sharm el-Sheik, the southernmost point in the Sinai Peninsula, it was announced in Jerusalem yesterday.

Israeli officials said that Mr Menachem Begin, the Israeli Premier, had asked for the meeting with President Anwar Sadat of Egypt.

Discussions are also expected to include Israeli concern about Soviet penetration of the region and the make-up of the multi-national peace-keeping force to police Sinai after Israel's withdrawal in April next year.

Arranging the meeting must be considered an electoral coup for Mr. Begin, with the summit being held less than four weeks before the Israeli General Election.

President Sadat may also meet Mr. Shimon Peres, the leader of Israel's opposition Labour Party.

Alan Mackie adds from Cairo: The tripartite talks on the for*mation of the U.S.-sponsored* peace-keeping force to patrol Sinai when Israel withdraws next year move into an unscheduled third day today with some sign of agreement materialising.

Egypt has been arguing for a force of 2,000-2,500, while Israel has been looking for a force of 4,000.

Arabs step up talks to defuse crisis in Lebanon

BY OUR BEIRUT CORRESPONDENT

TALKS between Lebanon and other Arab states have intensified in an attempt to ease Middle East tension now that U.S. special envoy Philip Habib's mission has been interrupted. The aim of the discussions is to save the country from becoming a battleground for Syria and Israel.

Lebanese Foreign Minister *Fuad Butros* yesterday met his Syrian counterpart, Mr. Abdel Halim Khaddam, in the town of Shtoura in the Bekaa valley, the site of Soviet-made anti-aircraft missiles which Syrian troops of the Arab deterrent force deployed four weeks ago after Israeli fighter jets had shot down two Syrian helicopter gunships over the area.

The meeting was prompted by what is seen as Mr. Habib's sudden decision to return to *Washington on Wednesday.*

According to Arab diplomats, the state of uncertainty created by Mr. Habib's departure from the region has prompted Syrian and Palestinian forces in Lebanon to declare a maximum alert in their ranks. Diplomats, however dismiss Israeli assertions that Syria is strengthening its forces in Lebanon.

The diplomats believe it is likely that the Israelis would seize the occasion to carry out two-pronged military strike at the Syrian missiles in eastern Lebanon and Palestinian guerrilla concentrations in the south of the country.

The diplomats said that the deployment of Syrian forces during the past two weeks in*dicated they have* dug in for a long drawn-out fight if hostilities should break out.

Anti-terrorist force to be set up in Portugal

By Diana Smith in Lisbon

THE PORTUGUESE Government is to create a special anti-terrorist police force backed up by a well-equipped intelligence service.

The political police force was dismantled after the 1974 military coup, since when Governments have been loth to authorise any kind of police operations that might smack of a return to past, widespread surveillance of citizens or interference with their privacy.

Recent events in Spain, however, and a fear that Spanish *extremists might penetrate the* borders in remote areas and set up bases here, as well as events like the attempted assassination of the Pope, have driven the authorities to set up a special brigade, in the hopes that this remarkably terrorism-free country can remain so.

Pope progresses

Doctors treating Pope John Paul said yesterday he was making satisfactory progress, but would remain in hospital for the time being, Reuter reports from Rome. They said "the *general condition of the* Holy Father continues to improve, though slowly.

FREEMASONS' LODGE SCANDAL CLAIMS NEW CASUALTIES

Top Italian generals suspended from duties

BY RUPERT CORNWELL IN ROME

ITALY'S FREEMASONS' lodge affair caused fresh disruption yesterday as the shockwaves of *perhaps the country's most* serious post-war scandal reached deeper into the political and military establishment.

Five generals, including Admiral Giovanni Torrisi, Chief of the General Staff, have been *effectively suspended for 45 days* from their duties, after their names featured in the list of 963 members of the ultra-secret P-2 lodge made public in Rome last week.

The others, who like Admiral Torrisi claim to be completely uninvolved, include General Giuseppe Santovito, head of Sismi—Italy's equivalent of MI6—General Guilio Grassini, his counterpart at Sisde—Italy's MI5—and General Orazio Gian*nini, Commanding* General of the Guardia di Finanza, the tax police.

The presence of the two intelligence chiefs in the list, if justified, would be particularly worrying. Their organisations *were set up three years ago to* replace the discredited Sid, the former secret service which was implicated in several scandals, and linked with P-2.

The Socialists have followed the Christian Democrats' example and yesterday declared that membership of the lodge was incompatible with any *executive post in or out of the* party.

This means presumably that Sig Enrico Manca, the Socialist Foreign Trade Minister whose name also featured on the list, will have to step down, at least for the time being. Sig Manca has denied any link with P-2.

Yesterday, *Sig Ennio Nattelli*, Grand Master of the Grandorient Lodge to which P-2 was affiliated before being "suspended" in 1977, said he thought the lists were partly fabricated.

Elsewhere, among the scandals connected with the lodge, Parliament is to reopen its investigations into the ENI/Saudi Arabian oil contract of autumn 1979.

Kickbacks of a total $115m *(£54.7m) were alleged on the* deal, part of which was due, according to P-2, to be channelled back to Italian politicians.

The man responsible for the list, Sig Licio Gelli, has fled abroad, but Interpol yesterday said that the *international warrant* for his arrest on charges of political and military espionage could not be carried out. *Espionage was a political matter* not covered by Interpol's conventions.

Admiral Torrisi (right), chief of the general staff, who denies involvement, and General Santovito, an intelligence chief named by P-2.

France begins the 'new style' of labour relations

BY DAVID WHITE IN PARIS

THE NIGHT the Socialists won the presidency, M Jacques Chereque, a moustached Walesa-like figure, head of the CFDT union's metalworkers' branch, looked as if he was going to burst through the television screen. Asked how he felt, he let forth a cry which has since been commemorated in union posters: "Happy!"

Union leaders who trooped in to see President Francois Mitterrand on *Tuesday this week* were all smiles, *bonhomie* and sweet reasonableness. Here, after the bitter electoral disappointment of 1978, was the "new style" of labour relations, the Government said. Doomsday predictions of immediate factory sit-ins were proved wrong. Even M Georges Seguy, the chirpy Communist leader of the CGT, France's biggest and oldest labour body, was saying he was not the man to jeopardise the Government's position.

The question is, how long will this period of grace last? And how far can the Government go in fulfilling labour expectations before causing a major clash with business?

In the short interim before next month's parliamentary election, the Socialists are trying to show themselves both determined and prudent about reform. The exclusion of Communists from the Government and the choices for such key posts as Finance, External Relations and the Interior have been aimed at reassuring *different sectors of opinion*—from foreign investors to the police force—that by throwing out President Valery Giscard *d'Estaing France is not plung*ing headlong into a wild adventure.

The first test comes next week with the raising of the national minimum wage, the Smic, along with family allowances and basic pensions. The expectation is a moderate increase of about 10 per cent in the Smic, which now stands at FFr 2,644 (£230) a month. The *unions have* accepted that they cannot have everything at once, and the CGT *has dropped its demands for* immediate global negotiations like those which followed the student and labour riots of 1968.

A third of this increase would have been due anyway under the price-threshold system applied to the Smic after 1968. A 10 per cent rise would not go much further than the recommendation of a recent report commissioned on the subject by the previous Government—an annual increase of 5 per cent in real terms.

However, *business is worried* about subsequent increases. In addition to the 850,000 or so *who earn the Smic, a higher* minimum wage has potential repercussions on the pay of several million. The impact *would be felt most by small* companies in sectors already in difficulties.

The main unions have more claims in reserve. Both the CGT and M Edmond Maire's independent left-wing CFDT want a programme of big minimum wage increases over several years. A halt to redundancies is called for in the *motor and engineering* industries, and early measures demanded to solve several *outstanding disputes.*

The CFDT in particular is pressing for greater union branch powers. The Socialist Party manifesto itself foresees works councils being given veto rights "in certain domains."

The CGT's number two, M Henri Krasucki warned delegates from the Paris region last week: "The workers should not drop their guard." And one of his colleagues summed up the union's position *vis-a-vis* the new Government: "Neither fire*men nor fire-raisers.*"

The Government's task is made harder by steeply rising unemployment — 1.7m last month, 20 per cent up in a year. There is little prospect of an improvement before the autumn, even if the Government goes ahead immediately with all its plans: a law for voluntary retirement at 60 instead of 65, progress towards a 35-hour week and a fifth week of annual holiday (talks with unions and employers *on this are due to* begin next week), and the creation of 210,000 civil service jobs.

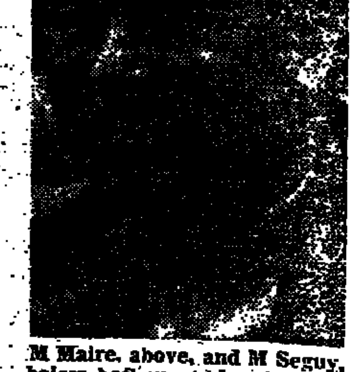
The duration of the Govern*ment's honeymoon with labour* is largely in the hands of the Communist Party. The party is out to recover from the poor 15 *per cent result scored by its* leader, M Georges Marchais, in the first round of the presidentials. It has decided it would *be suicidal to be seen trying* to torpedo President Mitterrand at this stage, and the CGT, largely Communist-run, with both M *Seguy and M Krasucki* on the party's political bureau, has taken the same line.

M Marchais himself may be *in no position* to put pressure on the President. But it is on the shop floor that Communist influence matters. M Francois Ceyrac, president of the employers' federation, the CNPF, doubts the "calm and reassuring words" from M Seguy. "The serious things, we will see them after the parliamentary elections," he says.

The CGT is by far the most powerful union in an under-unionised country (less than 25 per cent hold a union card). Its Communist line has cost it some support in works council elections, even in such strongholds as the Renault car works at Flins, west of Paris. But its 2.4m members are more than *those of the second and third* unions put together.

The Government has some links with the unions, but nothing resembling those of the British Labour Party. M Mitterrand has kept in his team some people closely affiliated with the CGT. The CFDT, with its imaginative approach to worker participation, is nearer to the camp of M Michel Rocard, the moderate leader, now Planning Minister. M André Henry, head of the 500,000-strong teachers' *union*, the FEN, has been brought in to the Government as Minister of Free Time—but without much *enthusiasm from his* colleagues, since the union (which has a large Communist faction) has always tried to *hold itself together* by being non-political.

The election has brought no magic injection of fraternity into the trade union scene. The CGT is still at daggers drawn with its post-war offshoot, Force Ouvrière, led by M André Bergeron, an active Socialist. The unions are all keeping their distance from each other. None is in the Government's pocket.



M Maire, above, and M Seguy, below, both want *big minimum* wage increase over several years

Nuclear power station cancelled

BY TERRY DODSWORTH IN PARIS

THE NEW Government's determination to slow down the development of France's nuclear power industry was confirmed yesterday with the first cancellation of a power station project.

Announcing the decision not to go ahead with construction on the highly controversial site at Plogoff, in the extreme west of Brittany, M Louis Le Pensec, the Mini*ster of the Sea, said officials* would now be taking the necessary measures to fulfil the Socialist Party's election commitments.

Plogoff has been the site of by far the widest and most controversial opposition to the former government's all-out nuclear policy during the past two years. On several occasions, large demonstrations have led to serious clashes with the police, and an inquiry into the project was only completed with great *difficulty because of the hosti*lity of the anti-nuclear movement.

Under the Socialist Party's energy policy, nuclear power is planned to play a less important role than conceived by former administrations. While there will be a significant overall reduction in the amount of power generated by nuclear means, those *power stations on which work* has already started will be completed. But the projects which are still at planning *stage will be frozen to allow* consultation and a public debate to take place.

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Australia moves on multinational tax loopholes

BY COLIN CHAPMAN IN SYDNEY

THE AUSTRALIAN Government is eplanning to introduce legislation to prevent multinational companies avoiding tax by shifting income abroad through transfer pricing.

Although no details have yet been disclosed about the content of new legislation and how it will be applied, Mr. John Howard, the Treasurer, said yesterday that it would be retrospective to May 27, coinciding with a crackdown on tax avoidance announced in Parliament on Wednesday.

This crackdown amends a "catch-ill" section of the Tax Assessment Act which, in the Government's view, has been interpreted too liberally by the courts.

The ne wlegislation will give Australia's Taxation Commissioner wide discretionary powers to act against tax avoidance schemes which are not already proscribed by law.

In recent years the tax avoidance, industry has been one with considerable growth, following a High Court judgment which ignored the stated intention of the drafters of tax legislation in determining what constitutes profits for tax purposes.

The Courts will now have to take into account the intentions of Parliament rather than making a literal interpretation of the words of the Act.

Transfer pricing has occurred most widely in the sales of minerals by international companies which have sold metals to associates overseas at unrealistically low rates.

The associates, many based in tax havens, sell the product to the ultimate customer, usually without the associate ever handling it.

● Mr Ralph Hamer, the Premier of the State of Victoria, resigned yesterday in face of widespread and mounting criticism of his leadership.

Mr Hamer cut short a U.S. tour promoting investment in Victoria to return home because of an electricity crisis in Melbourne, where delays in getting new generating equipment on stream have led to widespread power cuts in industry and the home.

Industry alone is estimated to have lost A$63m (£33m) a day because of the crisis.

Mr Hamer is the second state Liberal leader to quit in two days. On Wednesday, Mr John Mason, New South Wales Opposition leader, resigned because of a backbench revolt and criticism that he has been ineffective in fighting the Labour Government of Mr Neville Wran.

Iran 'cannot double its oil exports this year'

BY PATRICK COCKBURN

IRAN'S TARGET of doubling its oil exports this year to 2.5m barrels a day of crude cannot be attained. Mr Mohammed Sadeq Ayatollahi, the Iranian deputy oil minister, has said in Tehran.

Iran is technically capable of producing 5m b/d but cannot export this amount because of the glut in the oil market and the continuing war with Iraq, he added.

The Iranian Government's draft budget for this financial year totalled $44bn (£22bn), of which some 80 per cent was to be financed by oil revenues. Defence alone will cost some $14bn.

Iran at present exports about 1.3m b/d and consumes another 500,000 b/d within the country.

Referring to the budget plans, Mr Ayatollahi said that "oil output has been earmarked at 2.5m b/d for exports, which owing to the war and other problems is far from practical."

He noted that in future it may be necessary to increase oil production to 3.5m b/d to meet the present shortfall in exports.

Reuter adds from Tehran: Iran said yesterday that its forces had surrounded and destroyed an Iaqi garrison inside Iraq. Tehran State Radio said Iranian forces had surrounded the Bani Bonuk Garrison 2.5 miles west of the border from the Iranian city of Marivan in Kurdestan Province.

Black mineworkers sacked for staging protest

BY QUENTIN PEEL IN JOHANNESBURG

SOME 1.600 black mineworkers sent home from the Buffelsfontein gold mine, near Stilfontein, on Thursday were dismissed for staging a protest about working conditions.

In the latest example of tough employer reaction to black labour unrest in South Africa, the General Mining-Union Corporation (Gencor) group dismissed the migrant workers for what a spokesman described as "their irregular behaviour, lack of co-operation, and the necessity to maintain discipline."

The men had refused to come to the surface after working the day-shift down the Buffelsfontein mine on Tuesday. They were initially thought to be protesting against long working hours, but a police official said it was believed they were merely protesting at delays in being brought to the surface at the end of the shift.

Charles Smith in Tokyo assesses the crises which have beset Mr Suzuki's 10-month-old Government

Tremors of discontent shake Japan's political life

JAPAN'S POLITICAL equanimity has been upset during the past 10 days by a series of shocks almost as powerful as those which brought down the ruling Liberal Democratic Party in a surprise no-confidence vote in the summer of last year—and then precipitated a general election in which the party was triumphantly returned to power.

The shocks began a week after Mr Zenko Suzuki, the Prime Minister, had returned from a Washington summit meeting with the unexpected resignation of a Foreign Minister who had been assumed to be one of the Prime Minister's right-hand men. No sooner had the resignation been digested then the Government found itself at the centre of a bitter controversy about defence policy which made headlines for a week in every national newspaper (and could yet make bigger ones).

The shocks have destroyed the illusion that Japan, under its present leadership, is a haven of democratic stability and have raised serious doubts about Mr Suzuki's long-term career. Yet, despite the alarms and excursions, there are several reasons for believing that things in Tokyo may not (yet) have come quite so badly unstuck as some initial reports implied.

The first point is that Japan has been passing through a domestic political crisis, *not* a crisis in relations with the U.S. Mr Suzuki's summit meeting with President Ronald Reagan, although devoted mainly to the extremely tricky issue of defence co-operation, in fact passed off smoothly. The two men, meeting for the first time, apparently discovered a marked liking for one another. What was very far from smooth was the functioning of Japan's internal political and diplomatic machinery before, during and after the summit.

Mr Suzuki had been visibly nervous before this first major test of his statesmanship and seems to have distrusted the ability of Mr Masayoshi Ito, his Foreign Minister, to handle the routine task of drafting and publishing a communique. A fairly predictable controversy in the Japanese press about some key phrases in the communique blew up rapidly into a row between Mr Suzuki and Mr Ito, with the latter being accused of "rushing into print" before the Prime Minister had had his final talks with President Reagan. Mr Suzuki, in turn, was criticised for "political naivete" by Foreign Ministry officials who may have thought they were speaking off the record.

The upshot was that Mr Ito resigned as Foreign Minister—officially to take responsibility for his ministry's errors but actually in a mood of furious resentment. Mr Ito's replacement, the experienced and ambitious Mr Sunao Sonoda, lost little time in closing ranks and in making clear that relations between the Prime Minister's office and the Foreign Ministry could henceforth be expected to be more harmonious.

Behind the Suzuki-Ito row and behind professional diplomats' poorly concealed contempt for Mr Suzuki's behaviour lie two sets of tensions endemic to Japanese politics since Mr Suzuki took over as Prime Minister last year. Mr Suzuki was a compromise candidate, picked to succeed the late Prime Minister, Mr Masayoshi Ohira, after the latter had died of a heart attack in June. Before Mr Ohira's death he had not been seen as top leadership material, his main previous cabinet experience being as Minister of Agriculture.

As Prime Minister, Mr Suzuki has enjoyed a degree of tolerance within the faction-ridden Liberal Democratic Party while doing a notably poor job in imposing his authority on powerful cabinet ministers. Two of the most powerful, Mr Suzuki's close associate Mr Kiichi Miyazawa, the Chief Cabinet Secretary, and Mr Ito (who happens to have been a "disciple" of the late Mr Ohira), have indulged in almost open squabbling — sometimes embarrassing foreign diplomats or politicians who had to deal with both.

Mr Zenko Suzuki, left, was visibly nervous before the Washington summit. He seems to have distrusted the ability of Mr Masayoshi Ito, right, to draft the communique.

The squabble might have remained strictly a personal affair had not Mr Ito apparently felt Mr Suzuki was tending to "side" with Mr Miyazawa while simultaneously failing to live up to some of the foreign policy ideals of his late "master" Mr Ohira.

When Mr. Ito left in a huff at the end of the Washington summit he was probably trying to express his own and his ministry's opposition to a whole series of attitudes in foreign relations which he felt discordant with the Ohira "line." Even so, his gesture might have caused no more than a ripple if matters had ended there.

What extended the crisis and at the same time threatened trouble for Japan's relations with the U.S., was the revelation in a Japanese daily newspaper of the presence of nuclear weapons on board U.S. vessels in Japanese waters, despite the 20-year-old agreement between Japan and the U.S. on the "non-introduction" of such weapons—one of Japan's three "sacred anti-nuclear principles."

The irony of this revelation, which occurred on the second day after Mr. Ito's resignation in the form of a lengthy interview with Mr. Edwin Reischauer, a former U.S. Ambassador to Japan, was that revelations almost identical to those of the former ambassador had been made seven years earlier by a retired U.S. admiral

According to both the ambassador and the admiral, U.S. ships entering Japanese ports normally carry nuclear weapons.

When the earlier set of nuclear revelations surfaced in late 1974 the Japanese Government of the day responded by asserting its trust in American good faith and by reiterating its determination to stick to the anti-nuclear "principles." The Suzuki Government seems to be opting for the same line, although by now most Japanese newspaper readers must have concluded that Japan's anti-nuclear principles have been breached with monotonous regularity for the past 20 years.

If public controversy eventually dies down (as it did seven years ago) relations between Japan and the U.S. should revert to the mood of frustrated cordiality prevailing on the eve of the Washington summit.

The main interests of the Reagan Administration *vis-a-vis* Japan (like those of the Carter Administration) have been to prevent U.S.-Japan trade frictions from getting out of hand and to persuade Japan to "pull its weight" in maintaining the power balance against the growing Soviet naval presence in the north-west Pacific. Trade tensions, however, have been muted by Japan's unilateral act (just before the Washington summit) in deciding to curb its car exports to the U.S. And President Reagan presumably knows that inducing Japan to step up defence spending is a task for the medium term, if not the long term—that it cannot be settled at a single dramatic meeting.

The next important step in Japan's efforts to make good existing weaknesses in its defence capability will be the preparation by the Defence Agency of a "medium-term" defence build-up plan which should enable the Japanese self-defence forces to hold off small-scale attacks on the Japanese islands for a limited period by 1987 at the latest. Fulfilment of this plan, however, would not release Japan from dependence on the U.S. as its main guarantor of security against large-scale attack. Nor would it relieve the U.S. Seventh Fleet of its responsibility for patrolling the north-west Pacific and holding off the ever-present threat of Soviet naval pre-eminence in the region.

At most, it would help to make Japan a more effective "junior partner" in the north-west Pacific collective security system than it is today (although the term "collective security" remains anathema to Japanese politicians who maintain that the nation's anti-war constitution makes it impossible for Japan to enter into any joint military activity with another nation).

Meeting the targets of the 1983-87 medium-term defence programme could well involve Japan in devoting to defence spending more than the 1 per cent of its gross national product established as a ceiling by a Cabinet resolution in the mid-1970s. To breach the 1 per cent ceiling, Mr Suzuki (or his successor) will be obliged to take on not only the powerful pacifist lobby but also the Ministry of Finance, whose main preoccupation is to reduce the yawning budget deficit.

Mr Suzuki's competence to do either may be in doubt after the ineptitude with which he seems to have handled the comparatively simple set of problems after the Washington summit. What presumably has to be hoped is that both the Ito affair and the nuclear storage row have provided the Prime Minister with a valuable "learning experience."

Hong Kong trade gap widens again

By Kevin Rafferty in Hong Kong

HONG KONG'S trade deficit widened again last month, casting some doubts on the confidence of Government and businessmen that the economy would begin to pick up strongly.

Yet again, the export performance was bolstered by strong growth in re-exports, in which the value added by Hong Kong is low.

The deficit in April amounted to HK$2.226bn (£191m)—a rise of almost 20 per cent on the HK$1.847bn deficit in the corresponding month last year, and slightly more than the HK$2.215bn deficit in March this year.

Of the HK$9.172bn exports in April, domestic exports were worth HK$5.844bn and re-exports HK$3.328bn.

Re-exports rose by nearly 45 per cent over April 1980, whereas domestic exports rose by only 8.5 per cent. The increase compared to the figures for March this year was less than 1 per cent.

Despite the sluggish figures for domestic exports, Hong Kong industrialists are expressing optimisn

SANCTIONS AND SOUTH AFRICA

Coming to grips with fantasy

Mark Webster assesses prospects for economic sanctions being imposed on South Africa in protest at her refusal to bring independence to Namibia.

THE FRENCH Socialist Party's support for sanctions against South Africa has been greeted with delight by anti-apartheid campaigners.

"It's the biggest movement forward since the arms embargo," an official of the British Anti-Apartheid Movement insisted in Paris this week.

A few days before, delegates from 72 United Nations countries and a number of anti-apartheid groups meeting in the French capital had loudly applauded a qualified commitment to sanctions against Pretoria made by M. Lionel Jospin, first secretary of the French Socialist Party.

M Claude Cheysson, the new French Foreign Minister, got a rapturous reception for a speech which condemned discrimination but made no specific mention of South Africa or Namibia.

Apart from these vague commitments, little emerged from the seven days of talks at the conference on sanctions against South Africa. No new proposals were agreed on how to press the implementation of sanctions, no consensus was reached on whether total or partial sanctions were the goal and there was no fresh examination of the impact of sanctions on South Africa's neighbouring black states or the effectiveness of any blockade against the republic.

Moreover, a number of conservative African states expressed grave reservations about the real policies of the new French administration and the strength of its determination to pursue sanctions. None of them really expects France to terminate its contract to buy South African coal—it is the republic's largest customer, taking 90m tonns a year—nor is France likely to abrogate its contract to buy 1,000 tonnes of uranium a year from South Africa, starting in 1984.

None the less, anti-apartheid activists see the policy tilt as significant, given France's crucial role in the five-power western contact group on Namibia, along with the U.S., Britain, West Germany and Canada; the personality of M Cheysson, who is known as Mr Third World for his work as development commissioner in the EEC; and the socialist manifesto's commitment to end trade with Namibia, stop public sector investment in South Africa, end incentives for the private sector and tighten the existing arms embargo.

Although the conference voted unanimously for the implementation of sanctions, few delegates felt they could be effective without th backing of the industrialised nations. The U.S., Britain and France—under President Giscard d'Estaing—made their stand clear when they exercised a triple veto on sanctions in the UN Security Council last month.

Although the apparent change in the French position has given renewed hope to the sanctions lobby, most delegates at the conference accepted that the U.S. and Britain would continue to use their veto in the security council to prevent sanctions going through.

Mr Oliver Tambo, president of the African National Congress, which is fighting a low-key guerrilla war in South Africa, said he hoped those nations who voted in favour of sanctions would go ahead even without the U.S. and Britain.

But even Nigeria, which has traditionally been one of the strongest supporters of sanctions, appears to be in no hurry to take measures against those who oppose them.

Exports from South Africa to black Africa rose more than 66 per cent in 1980 to R1.1bn (£647m), representing 10 per cent of the republic's total exports. If sanctions were imposed then at least eight countries in the southern African sub-region would face severe disruption of their economies.

Regan meets top tax writers over cuts compromise

BY DAVID BUCHAN IN WASHINGTON

MR DONALD REGAN, U.S. Treasury Secretary, yesterday met Congress's two top tax writers to discuss a possible compromise between President Ronald Reagan's ambitious tax-cutting plan and congressional reservations that such cuts would fuel inflation.

Mr Dan Rostenkowski, the Democratic chairman of the House ways and means committee, said after meeting with Mr Regan and Senator Robert Dole, Republican head of the Senate finance committee: "We are in agreement much more than we are in disagreement."

The White House stayed non-commital, saying Mr Reagan had not passed judgment on any compromises being floated. He has indicated he will settle for less than the 30 per cent cut in income tax rates over three years that he proposed in February, but not how much less.

Both parties on and off Capitol Hill have an incentive to avoid a fight over the issue as the result would be uncertain.

The Democrats believe they can probably hold their nominal majority in the House, which was shattered by Mr Reagan on public spending cuts, because tax-cutting paradoxically has proved far less popular this year than budget pruning.

The House Democratic leadership knows it could be defeated again by Republicans and southern, conservative Democrats in unholy alliance.

Significantly, Senator Dole and southern Democrats have produced a virtually identical tax bill: this would cut personal income tax by 5 per cent in October, then 10 per cent a year for the next two years.

This would deprive the Government of $39bn (£18bn) revenue over 1981-82 (faster depreciation for business investment is included), compared with an estimated $54bn tax loss under the Administration plan. In turn, this would reduce the budget deficit, a cause of high interest rates at present.

Perhaps the major sticking point has been the Administration pledge to set out a longish-term tax cut scheme which it feels is vital to give the U.S. investor more security and incentive.

Many Democrats and some Republicans argue this will put the economy on automatic pilot, removing the chance to make adjustments as world and U.S. conditions alter.

Plan for offshore banking meets stumbling block

BY OUR NEW YORK STAFF

PLANS to allow offshore banking in the U.S. have met a small but potentially irritating stumbling block.

The plans are due to come into effect in October when the Federal Reserve Board will allow banks to open up so-called International Banking Facilities to take in and lend funds free of most U.S. banking regulations.

The Federal Deposit Insurance Corporation (FDIC), a government agency that insures bank deposits and charges the banks a small premium for the service, has decided that IBF deposits must be insured. This means IBFs will have to pay the premium, adding slightly to their cost of funds.

The cost will be less than 0.1 per cent, but in the competitive world of offshore banking where spreads are wafer thin every little counts.

U.S. banks also object in principle to paying insurance on what they say are funds beyond U.S. banking authorities' jurisdiction.

It is unlikely this stand will scupper the IBF plan, but it has created some annoyance in the banknig industry and may lead to representations. The Fed has recognised the FDIC's authority in the matter.

Drought eases after heavy spring rains

By Ian Hargreaves in New York

THE DROUGHT which last summer almost destroyed the Georgia peanut crop, made houses fall down in Florida and threatened the winter wheat harvest has started to ease.

Water restrictions in New York, New Jersey and Pennsylvania have been partially lifted after heavy spring rains, although experts warn that still dehydrated subsoil would, if made worse by a dry summer, create a serious situation.

For New Yorkers, swimming pools may be filled again and city officials will be distributing spray caps to fit to kerbside water hydrants in the many park-less districts.

These open-air fountains to cool streets and bodies are one of the few things that make life tolerable for the urban poor in August's unrelenting heat.

It was partly the premature arrival of that heat this week that led Mayor Koch to end some of New York's water restrictions imposed in the winter and spring.

He warned that the drought is not over, although the city's reservoirs are 85 per cent full, compared with a crisis level of 27 per cent in February in some parts of New York, New Jersey and Pennsylvania.

Business still faces tight restrictions in parts of all three states, in New York being required to use 20 per cent less water than before the drought.

In the country's major farming areas, the drought has been easing for some time. Dryness has not affected the winter wheat crop, now being harvested and expected to set a record. This is an important factor in holding down farm prices and therefore inflation.

In the Midwest, the corn belt has had plenty of rain. There are still some dry spots in the north central states where spring-planted wheat may suffer some ill-effects.

In the West, where farmland is generally well-irrigated, there will be lower than usual moisture from the Rockies, where there was lower than normal snowfall this winter.

As for the Peanut crop, Georgia is still one of the driest areas because of a relative shortage of irrigation, but heavy spring rains have eased fears about this summer's crops.

David Lascelles reports from New York on the Fed's efforts to curb monetary growth

Why the money supply holds Wall St in thrall

THIS AFTERNOON, like every Friday, Wall Street will be biting its nails in anticipation of the weekly money supply announcement by the Federal Reserve Board. At exactly 4.10 pm, the agency tickers will say by how many billions of dollars M1-A and M1-B have risen or fallen, and depending on what they expected, traders and investors will troop off for the weekend encouraged or dismayed.

No single event dominates Wall Street as much as the money supply statistics, particularly now that interest rates are back at record levels. They not only set the market's tone for the week, they also turn a regular spotlight on how well the Federal Reserve is handling monetary policy, and the reviews just now are decidedly mixed.

For the first three months of this year, the money supply measures grew at moderate levels in line with the growth targets the Fed announced last year. But then, in April, something seemed to go haywire. Growth spurted unexpectedly and sent shivers of fright through Wall Street. This triggered a sharp run-up in interest rates with the key Fed funds rate (the overnight inter-bank rate) shooting up from 13 per cent in late March to over 20 per cent last week.

What went wrong? The answer seems to lie partly in the technicalities of the credit markets. But the Fed's critics also claim that the surge is further evidence of its inability to maintain effective control over money because of failings in the way it operates.

The Fed's current procedures are comparatively new. Before October 1979, the central bank implemented monetary policy by intervening in the Fed funds market with sales or purchases of government securities supposed to steer the Fed funds rate along a path which would keep the money supply growing at the desired pace. The Fed funds target would be, say, 12-13 per cent, and the Fed would sell securities (extracting liquidity in the process) if it fell below 12 per cent, or buy them (adding liquidity) if it rose above 13 per cent.

This gave the market an element of predictability. But it created an obsession with interest rates which became unhealthy at times. It also locked the Fed into a small manoeuvring range and in the end did not prove all that effective in controlling the growth of bank reserves, which most people agree have the biggest single influence on the money supply. Nor did it avert the 1979 credit crisis.

In October 1979, the Fed altered its procedures, largely in response to criticism from the monetarist school, whose influence was rising. While still aiming for a set growth in the monetary aggregates, the Fed now seeks to control the money supply by keeping a firm hand on bank reserves which determine how much credit there is in the system. Again it does this by supplying or removing funds via the Fed funds market. However, its actions are now made regardless of their impact on interest rates—or supposedly so—the argument being that so long as reserves are controlled, interest rates will automatically find their appropriate levels.

As it turns out, the Fed has proved very skilful at controlling bank reserves—or more strictly that component of them which it considers most important. These are non-borrowed reserves, as distinct from reserves which banks have borrowed from the Fed. However, the cost has been extra volatility in interest rates which have bewildered the financial markets and are now in danger of undermining their morale. Already, Wall Street has developed a "volatility premium" of possibly 2 percentage points to cushion itself against interest rate gyrations and this alone accounts for part of the recent upsurge.

The additional uncertainty has prompted the markets to watch even more closely for whatever signs the secretive Fed may give of its intentions—hence the obsession with money supply statistics which are supposed to be guiding the Fed's hand.

However, this is alarming the Fed because while the money supply is undoubtedly important, its week-by-week ups and downs are not. A recent study showed that the figures can err by as much as $3bn either way. This is equivalent to a typical weekly movement and thus, essentially, a change over one week can be meaningless.

In order, perhaps, to steer Wall Street away from M1-A and M1-B, the Fed announced last week that it would in future be paying more attention to M-2, which fluctuates less and—more important—only comes out once a month. Being a broader measure, it also encompasses more of the shifts in savings patterns in the U.S. during the past year or two. Whether the financial markets will be able to break the ingrained M1 habit, though, remains to be seen.

However, Fed critics — including the powerful monetarist clique in the White House — claim that the Fed has failed to achieve the smooth growth in money supply needed to conduct an effective monetary policy.

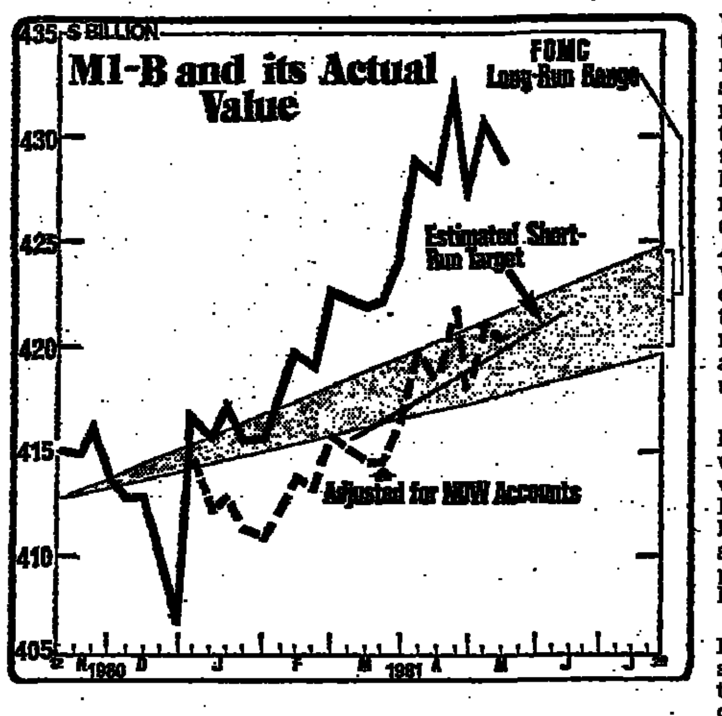
Other critics doubt that the Fed will be able to resist political pressures to loosen its grip when interest rates get too high. Although President Ronald Reagan's Administration has forborne (unlike the Carter Administration) from publicly calling the Fed to task over high interest rates, there are concerns that the Fed may not have the stomach for as much as a year of austerity.

But there is also a body of opinion broadly sympathetic to the Fed, arguing that it is not doing a bad job given the imperfect tools at its command. Many recent problems can be traced to technical factors.

However, the underlying growth in the money supply can be traced to the strength of the U.S. economy. Despite record interest rates, the economy grew at a real rate of 8.4 per cent in the first quarter and there is little evidence of a sharp slowdown in the second.

Restraint in the growth of nominal gross national product will therefore fall squarely on monetary policy, and Wall Street is nervous about whether the Fed will be able to hold the line. Although inflation dropped to a monthly rate of 0.4 per cent in April, its lowest since last summer, the rate of wage settlements continues above 10 per cent a year, and this is held to be more indicative of underlying inflation.

This suggests, however, that the Fed will have to keep a very tight hold on credit in the months ahead. According to calculations by money market economists at J. Henry Schroder Bank and Trust, M1-B must show no growth at all in the weeks ahead if the Fed is to meet its half-year target. Growth in M2 will have to slow down a bit. It is predictions such as these that ensure that the money supply statistics will continue to keep Wall Street in their thrall.



DEFINITIONS OF MONEY SUPPLY

THE U.S. money supply comes in many definitions. The main ones are:

M1-A: Currency in circulation plus current bank accounts. It is supposed to grow at 3 to 5.5 per cent this year according to targets set by the Fed's policy making body, the Fed Open Market Committee (FOMC), but has been declining sharply because bank depositors are shifting funds into newly authorised interest-bearing current accounts called NOW accounts which fall under M1-B. This redefinition has greatly complicated the Fed's job of tracking money supply growth.

M1-B: M1-A plus interest-bearing current and savings accounts. The annual growth target is 3.5 to 6 per cent, but has been growing much faster than that because of the shift of M1-A funds. Adjusting for the shift, growth was on target in the first quarter (4 per cent) but has accelerated sharply to more than twice that in the last month. The Fed wants to get second quarter growth down to 5½ per cent or less. Because M1-B is the most widely watched measure, its acceleration is causing much concern.

M2: M1-A and B plus money market mutual funds and other forms of non-bank savings. The growth target is 6-9 per cent, but M2 has been growing at nearly 12 per cent in recent weeks. The Fed wants to get this down to 10.5 per cent in the second quarter.

COMPANY NOTICES

BARLOW RAND LIMITED
(Incorporated in the Republic of South Africa)

7% UNSECURED NOTES 1975/84 ("THE NOTES")
SEVENTH CAPITAL REDEMPTION

NOTICE IS HEREBY GIVEN that the seventh capital redemption, being 1/10th of the capital amount of the Notes outstanding at 1 July, 1974, will be paid to the holders of the Notes who are registered in the company's register of noteholders at the close of business on 19 June 1981. The register of noteholders in Johannesburg and the United Kingdom will be closed from 20 June to 30 June 1981, both days inclusive.

Capital redemption payments will be made on 1 July 1981 to those noteholders who have surrendered their certificates to the company's registrars for endorsement by 30 June 1981. Thereafter, capital redemption payments will be effected against receipt of certificates lodged for endorsement and the attention of noteholders is drawn to condition 3(d) on the reverse side of the Notes' certificate.

The capital redemption payments will be in the currency of the Republic of South Africa, and the rate of exchange at which the payments will be converted into United Kingdom currency, for the payment by the United Kingdom registrar, will be the telegraphic transfer rate of exchange between Johannesburg and the United Kingdom ruling on the first business day after 12 June 1981.

By order of the Board
K. A. BAGG
Secretary
29 May, 1981

7% UNSECURED NOTES 1975/84 - PAYMENT OF INTEREST

NOTICE IS HEREBY GIVEN that interest at the rate of 7% per annum for the six months ending 30 June 1981 will be paid to the holders of the 7% Unsecured Notes 1975/84 who are registered in the company's register of noteholders at the close of business on 19 June 1981.

The registers of noteholders in Johannesburg and the United Kingdom will be closed from 20 June to 30 June 1981, both days inclusive. Interest cheques postdated to 30 June 1981 will be posted to noteholders from the Transfer Secretaries' and United Kingdom Registrar's offices on or about 26 June 1981.

This interest is payable in the currency of the Republic of South Africa, and the rate of exchange at which the payment will be converted into United Kingdom currency for the payments by the United Kingdom Registrars will be the telegraphic transfer rate of exchange between Johannesburg and the United Kingdom ruling on the first business day after 12 June 1981.

In terms of the South African Income Tax Act, 1962, as amended, a non-resident's tax of 10% (ten per centum) has been imposed on interest payable to:

(a) Persons other than companies not ordinarily resident in South Africa; and
(b) companies which are not South African companies,

and the company will accordingly deduct the tax from the interest payable to noteholders whose addresses in the register of noteholders are outside South Africa.

By order of the Board
K. A. BAGG
Secretary
29 May 1981

Business Address and Registered Office: Barlow Park, Katherine Street, Sandton, 2196 - South Africa
Postal Address: P.O. Box 78-2248, Sandton, 2146 - South Africa

Transfer Secretaries: Rand Registrars Ltd., 2nd Floor, Devonshire House, 49 Jorissen Street, Braamfontein, 2001 - South Africa
Postal Address: P.O. Box 31719, Braamfontein, 2017 - South Africa

United Kingdom Registrar: Lloyds Bank Ltd., Registrar's Department, The Causeway, Goring-by-Sea, Worthing, West Sussex, BN12 6DA, England

TRANSVAAL CONSOLIDATED LAND AND EXPLORATION COMPANY LIMITED
(Incorporated in the Republic of South Africa)

A Member of the Barlow Rand Group

PAYMENT OF COUPON NO. 84

With reference to the company's preliminary report and dividend notice advertised in the Press on 5th May, 1981, the following information is published for the guidance of holders of share warrants to bearer. The dividend was declared in South African currency and in accordance with the conditions of payment of this dividend, payment from the offices of the Secretaries of the company in the United Kingdom will be made in United Kingdom currency at the telegraphic transfer rate of exchange between Johannesburg and London which ruled on 26th May, 1981.

Payment will be made against coupon No. 84 on or after 3rd July, 1981 in the U.K. currency at the London Bearer Reception Office, Charter Consolidated Limited, 40 Holborn Viaduct, London, EC1P 1AJ or in French currency at Credit Lyonnais, 19 Boulevard des Italiens, 75002 Paris.

Coupons must be left for at least four clear days for examination and may be presented any weekday (Saturdays excepted) between the hours of 10.00 a.m. and 3.00 p.m.

Republic of South Africa non-resident shareholders' tax will be deducted at the rate of 15 per cent. United Kingdom income tax will also be deducted from coupons presented for payment at the London Bearer Reception Office unless coupons are accompanied by Inland Revenue non-residence declaration forms. Where such deductions are made the net amount of the dividend is as follows:—

	Sth. African Currency per Share	UK Currency Equivalent per Share
	Cents	pence
Amount of dividend declared	75.00	42.71467
Less: Sth. African non-resident Shareholders' tax at 15%	11.25	6.40720
	63.75	36.30747
Less: UK Income tax at 15%		6.40720
		29.90027

Secretaries of the Company in the United Kingdom
Charter Consolidated Limited
40 Holborn Viaduct
London EC1P 1AJ
28th May 1981

NOTE—The Company has been asked by the Commissioners of Inland Revenue to state:—
Under the double taxation agreement between the United Kingdom and the Republic of South Africa, the South African non-resident shareholders' tax applicable to the dividend is allowable as a credit against the United Kingdom tax payable in respect of the dividend. The deduction of tax at the reduced rate of 15% instead of at the basic rate of 30% represents an allowance of credit at the rate of 15%.

SVERIGES INVESTERINGSBANK AKTIEBOLAG
SDR 40,000,000 9% BONDS 1975-1982

On May 14, 1981, Bonds for the amount of SDR 7,990,000 have been drawn for redemption in the presence of a Notary Public.

The Bonds will be reimbursed coupon no. 7 attached on and after July 1st, 1981.

The drawn Bonds are those, NOT YET PREVIOUSLY REDEEMED, included in the range beginning at: 17215 up to 37715 incl.

Amount purchased on the market: SDR 2,010,000
Amount outstanding: SDR 10,000,000
Oustanding drawn Bonds:
9021
10461
10848
11008 and 11009
11032 to 11048 incl.
11106
11505 to 11507 incl.
11538 to 11541 incl.
11596 to 11598 incl.
12073 to 12078 incl.
12337 to 12346 incl.
12641 to 12643 incl.
14884 to 14893 incl.
14939
16108 and 16109
16212 to 16216 incl.

The Trustee
FINIMTRUST S.A.
Luxembourg.
May 29, 1981.

H. J. HEINZ COMPANY LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Books of the 6% Debenture Stock 1975/84 and 5½% Debenture Stock 1976/85, of this company, will be closed from 17 to 30 July 1981—both dates inclusive.

Hayes Park,
Hayes, Middlesex.
27 May, 1981.

NOTICE TO THE HOLDERS OF BONDS OF ISSUE 7½% 1973/91 OF FF 150,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual instalment of bonds amounting to FF 2,500,000 has been purchased for redemption on July 1, 1981.

THE COLNE VALLEY WATER COMPANY

NOTICE IS HEREBY GIVEN that the Transfer Books of The Debenture Stocks of the Company will be closed for one day only on 9th June, 1981, for the preparation of the Interest Warrants payable on 1st July, 1981.

Dated this 29th day of May, 1981.

W. A. COSGROVE, Secretary.
Blackwell House,
Aldenham Road,
Watford,
Hertfordshire,
WD2 2EY.

GEORGE ARMITAGE & SONS LIMITED

NOTICE IS HEREBY GIVEN that the Transfer Registers for 5% First Cumulative Preference Shares and 19½% Second Cumulative Preference Shares will be CLOSED from 17th to the 30th June 1981, both dates inclusive.

By Order of the Board
N. G. A. FOWLER, Secretary
Robin Hood,
Wakefield.
West Yorkshire WF3 3BP.

LEGAL NOTICES

OFFICIAL NOTICE

The loss has been reported to us of the following Warrant: Warrant No. 273147 — Nos. 2/4 & 4/4 — 2 cases Germanium Dioxide, STW. Gross 68.1 Kilos.

Anyone claiming to be entitled to these goods is invited to enter protest by means of Summons against the delivery of the goods.

C. STEINWEG, N.V.,
P.O. Box 1066,
Willemskade 20,
Rotterdam 2, Netherlands.

IN THE MATTER OF THE COMPANIES ACT 1948 and IN THE MATTER OF B. S. & W. WHITELEY LIMITED

Registered Office: Pool Paper Mills, Pool-in-Wharfdale, Otley, West Yorkshire LS21 1RP.

NOTICE IS HEREBY GIVEN pursuant to Section 293 of the Companies Act, 1948, that a Meeting of the Creditors of the above-named Company will be held at the Metropole Hotel, King Street, Leeds on 16th June 1981, at 2.30 pm for the purpose mentioned in Section 294 et seq of the said Act.

Dated this 15th day of May, 1981.

By Order of the Board
Ewan M. D. McEwen
Director and Secretary

ART GALLERIES

BROUSE & DARBY, 19, Cork St. PHILIP SUTTON, paintings.

COVENT GARDEN GALLERY, 20, Russell Street, WC2. Rural Views in 16 Counties. Watercolours by George B. Wollaston 1814-1899. Daily 10-5. Thurs. 10-7. Sats. 10-12.30. Until May 29th.

LEFEVRE GALLERY, 30, Bruton St., W1. 01-493 1572-3. 20th Century Works on view. Mon.-Fri. 10-5.

LUMLEY CAZALET, 24, Davies St., W1. 499 5058. Fine Prints by MATISSE, PICASSO, MIRO, TISSOT, CHAHINE, HELLEU, BESNARD.

MARLBOROUGH, 6, Albemarle St., W1. IRVING PENN 60 photographs in platinum metals: Images 1947-1975. Until 19 June.

MATHAF GALLERY, 24, Motcomb Street, London, SW1. 235 0010. Specialists in 19th C. and Contemporary Paintings of ARABIA.

ROYAL SOCIETY OF PORTRAIT PAINTERS' 87th Annual Exhibition at the Mall Galleries, The Mall, SW1. Mon.-Sat. 10-5. Until 10th June. Adm. 50p.

PUBLIC NOTICES

HIGHLAND R.C. BILLS

£2m Bills from 28th May 1981 to 27th August, 1981 at 11 13/32%. Applications £14m. £3 outstanding.

Energy Review: The new U.S. policy

By Ray Dafter, Energy Editor

Private enterprise to the fore

JAMES EDWARDS, U.S. Energy Secretary, declares himself to be a man with a mission. Shortly after being nominated by President Reagan in December he proclaimed: "I would like to go to Washington and close down the Department of Energy and work myself out of a job."

In a perverse way, this unusual political ambition reflects a new American awareness towards energy. The U.S., for so long pilloried for being the world's biggest and most profligate energy user (and thus partly the cause of so many fuel supply problems in the 1970s) is at last putting its house in order.

Domestic oil prices have now been decontrolled without the public rancour that would have accompanied such a move a few years ago. Conservation, helped by motorists' acceptance of smaller and more fuel-efficient cars, is beginning to have a major impact.

The American Petroleum Institute has just reported that crude oil imports in the first week of this month fell to 3.92m b/d as against 5.43m b/d in the comparable week a year ago. Such an import level is more than 40 per cent below the average in 1977 and only slightly above the amount of crude imported in September 1973, before the first oil crisis.

In March the U.S. used less petrol than in any March in the past 10 years. The average demand in 1980 — some 6.6m b/d — was 5.7 per cent below the 1979 level.

According to the American Petroleum Institute total U.S. energy consumption fell by more than 3 per cent last year (only the second decline in 22 years) while there was still a modest rise in the gross national product. "The drop in consumption was due to our using energy more efficiently, not to giving up economic growth or stability," said Mr Charles Di-Bona, the association's president, during an industrial energy conservation conference in Texas a few weeks ago.

From next week the Energy Review will appear in Wednesday's newspaper.

Against this encouraging backdrop the Reagan Administration believes there is little need for the large, cumbersome Energy Department that it inherited; an interventionist body with a finger in most of the energy regulatory, pricing and environmental pies.

Free enterprise is the name of the new game. Energy Secretary Edwards takes the view that there is still an abundance of fuel—natural gas, coal, crude oil, and shale oil—locked up in the U.S. just waiting to be exploited by industrialists.

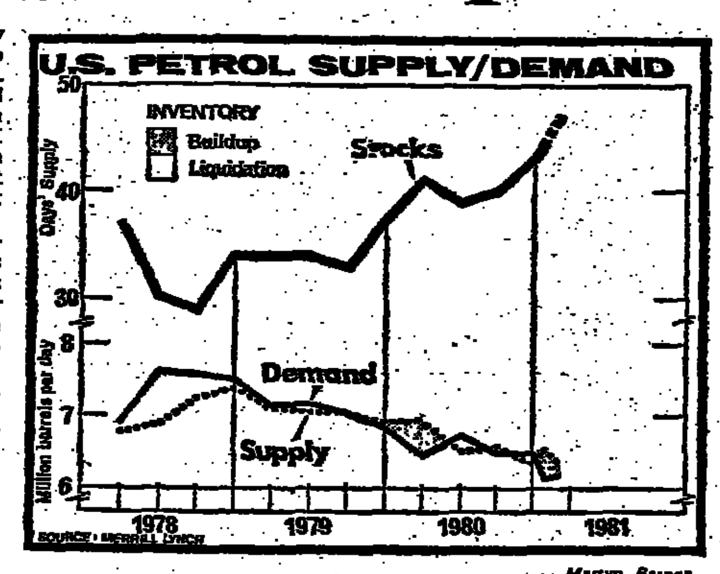
"We have been starving while we had plenty in the kitchen," he said. Ridiculing the view that the U.S. was running out of fuel he produced a 1926 copy of the New York Times which carried, as the main story, a forecast that American oil supplies would last for only six more years.

"We are going to give the oil companies all the land they can drill on," commented Mr Edwards. "We are on the move and breaking through barriers."

Much of the drilling emphasis will be offshore. So far only 19m acres on the U.S. Continental Shelf have been leased for exploration. This represents only 4 per cent of the acreage which the oil industry believes it could explore and exploit with existing technology.

Interior Secretary James Watt has already announced the outline of an ambitious five-year leasing programme which will open up much of this offshore acreage. Furthermore, he is planning to introduce new allocation procedures to streamline the leasing process.

As it is, U.S. oil explorers, spurred on by high fuel prices, are drilling for crude and natural gas at a record pace. The number of rotary rigs in operation has risen to 3,800 compared with last year's average of 2,910 and around 1,650 in the mid-1970s.



Martyn Barnes

Drilling activity should be given a further boost following the promise of exploration acreage and a hint by Mr. Edwards that the Reagan Administration might begin phasing out the Windfall Profits oil excise tax in the next year or two. In a recent interview in Washington, Mr. Edwards said that the Administration might start by cutting or abolishing the tax on "tier three" oil—newly discovered crude, production achieved through the application of enhanced oil recovery operations, and heavy crudes of 16 degrees API or more.

Another policy that would probably further speed exploration and production would be the early de-regulation of gas prices. Philosophically Mr Edwards favours such a move although he maintains the issue is not as clear-cut as oil price decontrols. It could be argued, he said, that an increase in gas prices would raise the demand for oil products which might, in turn, add pressures to the oil import market. Furthermore, the U.S. now had access to plentiful supplies of natural gas.

Much could depend on the findings of a study into gas price de-regulation which is due to be presented to Mr Edwards on June 1. Among those hoping that it will recommend an acceleration of gas price freedom are those in the European chemical and synthetic fibre industries which claim that their U.S. competitors are being favoured by relatively cheap feedstock.

Mr Edwards makes much of the fact that he and his Cabinet colleagues are untangling regulations and dismantling procedural blockades that might stand in the way of free enterprise. He cites, as examples:

- The proposed relaxation of the 10-year-old Clean Air Act which, in particular, has frustrated the attempts by industry and electricity utilities to instal coal-fired boilers.
- The proposed relaxation of surface mining laws which, the National Coal Association has argued, have held back the development of some valuable coal seams.
- The encouragement of industry to become more involved in the development of synthetic fuels. While the Administration is continuing to provide an initial $17bn in loans to the new Synthetic Fuels Corporation Mr Edwards feels the private energy industries should be prepared to carry most of the investment funds.

He said that the Administration was prepared to be involved in long-range research and development. But when it came to projects where commercialisation was more proven and where there were short-term prospects of a pay-back, then private industry should take the lead.

For his part, Mr Edwards has set about his task of dismantling the Energy Department with apparent relish. He has cut the department's overall 1981-82 budget from around $16.5bn to $13.8bn while — in keeping with the current mood of the White House—increasing the department's defence commitment from $4.7bn to $5bn.

By the end of the 1981-82 fiscal year he should have shed at least 2,600 personnel from the current directly employed staff of about 20,000.

And yet it is questionable whether the size and influence of the department are being reduced as a result of Mr Edwards wielding an axe or simply because bits are falling off.

Although he carries a confident smile that befits a former state governor and dental surgeon, he appears to be unfamiliar and uneasy with some energy issues. Perhaps this is understandable in a politician who has proclaimed he wants to work himself out of a job.

MR. JAMES EDWARDS: untangling regulations

And while popular in President Reagan's Cabinet—his wit is said to offer welcomed light relief in Cabinet meetings—he does not carry the weight of some of his colleagues. Consequently, Secretary of State Alexander Haig has wrested the reins of international energy issues. Interior Secretary Watt has issued notice that he intends to take the lead in exploration and leasing matters.

As time goes by more and more functions will be handed back to the Washington departments that handled them before the Energy Department was established in 1977. A comprehensive study into the department's future has been ordered and the results should be known in mid-January. Then it should be known whether it will be axed or just truncated.

Mr Edwards said on television earlier this month that "we need a point of focus for energy issues. Now, whether we need a Cabinet-level Department of Energy is another question."

This is the dilemma facing the Reagan Administration. It can claim that its current "hands off" energy policies are working, that support for its approach can be found in conservation successes and the greater optimism of the oil, coal and nuclear industries.

One the other hand there is a danger that by downgrading energy as a central policy issue the Administration may be encouraging a false sense of security among Americans. After all it is not long ago that the previous Carter Administration was viewing its energy policy as the "moral equivalent of war." The energy picture has not changed all that much.

Mr. William Tavoulareas, president of Mobil Corporation, summed it up at the company's annual meeting earlier this month: "The new Administration has shown a willingness to take new, bold initiatives. But we still need a long-term energy programme. Decontrol, by itself, is not a comprehensive energy programme."

WORLD TRADE NEWS

EEC fails to win commitment from Tokyo on cars

BY LARRY KLINGER IN BRUSSELS

A JAPANESE trade mission left Brussels yesterday without providing any concrete assurances on the restraint of car imports into the Community in general and Belgium in particular.

The failure of the EEC to win any commitment from the Japanese to limit car shipments to the Community this year threatens to exacerbate the full range of EEC trade relations with Tokyo.

In talks between EEC officials and Mr. Naohiro Amaya, Japan's vice-minister for Foreign Trade, the Community failed to gain reaffirmation of a recent pledge that Japan would restrain car exports to the EEC in line with its recent restraint agreement with the U.S.

Both European Commission and Belgian officials described the talks as taking place in a "good atmosphere" and emphasised that discussions would continue over the next two weeks.

However, it was clear that Japan is taking a tough line, and that Commission officials are inclined towards a stern reappraisal of the full range of EEC-Japan trade relations ahead of the talks which include a visit to Brussels by Mr. Zenko Suzuki, the Prime Minister, on June 15-16.

It was considered particularly significant in Brussels yesterday that there was no concession to Belgium, which has been hit recently by closures of major assembly plants and a big increase in Japanese imports.

Not only did a recent Belgian trade mission to Tokyo return with the impression that the Japanese were prepared to offer some accommodation, but it was also widely expected that Japan was keen to demonstrate its goodwill by treating the Benelux as a "special case."

The EEC is seeking a restraint agreement "analogous" to the undertaking Japan gave to the U.S. to cut car shipments by 7.7 per cent this year.

The Japanese argue that a Community-wide restraint agreement cannot be offered because the EEC does not comprise a single market for car exports and has told EEC member-countries that Japan could only contemplate an overall undertaking if France and Italy were to lift their national restrictions.

Mr. Amaya also told Commission officials that adverse reaction in the Japanese Parliament following the U.S. agreement limited his Government from taking further wide-ranging action.

The EEC trade deficit with Japan has grown in the first four months of this year to \$3.6bn, or by 44 per cent over the \$2.5bn registered in the corresponding period of 1980.

Vehicle exports set record

TOKYO — Japanese vehicle exports rose by 4.2 per cent in April to 558,981, a record for any month, from 536,411 in March and were up 11.1 per cent from 503,170 a year earlier, the Japan Automobile Manufacturers' Association said.

The figures reflect strong demand from Latin America, South-East Asia, Africa, Australia and New Zealand, it said.

April exports comprised 370,675 cars, 179,956 trucks and 8,350 buses.

April shipments to the U.S. rose by 27.8 per cen to 218,947 from 171,363 in March and up 5.6 per cent from 207,389 a year earlier, while exports to the EEC increased by 16 per cent to 87,730 from 75,637 the previous month and up 7.1 per cent from 74,930 a year earlier.

Exports to West Germany rose to 37,346, up 115.1 per cent from 17,364 in March and up 116.3 per cent from 17,263 a year earlier.

Exports to Britain fell by 30.3 per cent in April to 14,866 from 21,334 in March and down 30.7 per cent from 21,456 a year earlier.

Shipments to Belgium were little changed in April at 11,381, against 12,146 in March and 11,252 a year earlier.

Exports to Latin America, however, nearly doubled to 25,103 in April from 13,671 a year earlier, while shipments to Africa rose to 38,736 from 24,557.

Reuter

David Buchan, in Washington, reports on a major controversy developing on Capitol Hill

U.S. prepared to ease anti-bribes legislation

ROHM-HAAS, the Philadelphia-based chemical and plastics concern, has lost \$15m-\$20m a year in foreign sales, as a result of the 1977 Act that made illegal the giving and concealing of bribes to foreign government officials.

That, at least, is the rough estimate its vice-president, Mr John Subak, provided the U.S. Congress last week. The loss is not big, compared with the company's \$1.73bn annual turnover, but, if one multiplies such sums by the number of U.S. exporters the impact could be sizable on the country's overall trade balance.

Because of this, the Reagan Administration is making revision of the 1977 Act a high priority.

The issue has stirred hot controversy on Capitol Hill. The Administration insists it is not beating a moral retreat: U.S. businessmen would still be prosecuted for making blatant bribes to foreign officials, but ambiguities in the law which have had "a chilling effect" on export activities would be cleared up.

Nevertheless, Senator William Proxmire, a Democrat and key author of the 1977 Act, believes the Administration is up to no good.

If the revision sponsored by Republican Senator John Chafee and supported by the Administration is passed, he predicts American companies "will once again do business overseas by bribery. Companies will once again wink at slush-fund bookkeeping."

At the centre of the current debate is a feeling by some that the pendulum of public morality swung too far to the left in the immediate post-Watergate scanadal years and that it should now be allowed to swing back a little.

The 1977 Foreign Corrupt Practices Act, as it is formally known, was swept through on a tide of 'indignation at the 1975-76 disclosures of bribes paid by U.S. multinationals to win overseas business—most

The Administration insists it is not beating a moral retreat: U.S. businessmen would still be prosecuted for making blatant bribes to foreign officials, but ambiguities in the law ... would be cleared up.

notably by Lockheed to public figures or officials in the Netherlands, Japan and Italy.

The practice then seemed widespread. The Securities and Exchange Commission (SEC), which regulates publicly-held companies, operated a voluntary disclosure scheme in the two years before the 1977 Act came into effect. Some 450 companies came forward and admitted questionable concealed payments overseas of more than \$300m.

But three and a half years' experience with the Act have convinced many that some of the law's provisions overshot the mark.

In that period the Justice Department has conducted three prosecutions (one criminal and two civil), though it still has some 35 cases under investigation. But th feeling is strong within the U.S. business community that legitimate overseas business has been inhibited by the Act, which provides penalties of \$1m for a company and \$10,000 or five years in jail for businessmen.

The General Accounting office, which is the research arm of Congress, recently surveyed 250 companies chosen out of Fortune magazine's top 1,000, and found 55 per cent of those that replied complained the 1977 Act's costs outweighed its benefits (in terms of tighter internal audits).

Thirty per cent said they had lost business, particularly among the aircraft and construction companies competing for orders int he developing world.

In March, 1980, the Justice Department started a system whereby companies could submit details of a forthcoming foreign deal for a Government opinion on whether it contravened the 1977 Act. Only five companies ever tried this informal "pre-clearance" system.

Most were worried Washington would leak their confidential information, would react too slowly to be of any commercial use, and would not even stick to its word.

For these reasons — and simply because it accords with its philosophy of a lighter regulatory rein on business—the Reagan Administration is mounting a frontal revision of the current law.

It wants to relax the present provision that makes it criminally liable for a U.S. company or businessman with "reason to know" that a foreign national acting as an agent intends to make a bribe to get an order.

The Adminitration believes the phraseology is too vague, and has resulted in some companies pulling out of markets where they cannot place a U.S. business agent and do not fully trust a foreign agent.

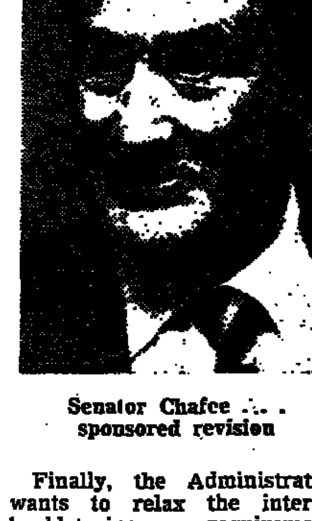
The 1977 law "raises endless questions about business expenses, Christma gifts, local customs or law, contributions to local 'charities or participation in official affairs," Mr. Willaim Brock, the White House Trade Representative, has complained.

In fact, Congress in 1977 recognised it could not stop all personal commercial payments and that certain "facilitating" (or more graphically "grease") payments were vital to lubricate the wheels of trade.

Grease payments—to get bureaucrats to speed up processing of forms or to unload promptly a shipment of perishable goods in dock—are at present allowed. But the 1977 Act says uch payments may only be made to lower level officials with essentially clerical duties, not to policy-makers higher up.

This is a fuzzy distinction. The Reagan Administration wants to define permissible "grease" on the purpose of the payment, not the position of the foreigner whose palm is being greased.

So the Chafee Adminitratiosn reviion would permit payments provided they were customary in the country, and simply designed to get a foreign official to do his task quicker and not differently.



Senator Chafee ... sponsored revision

Finally, the Administration wants to relax the internal bookkeeping requirements which the 1977 Act laid on companies to check against slush funds being kept off the books.

It would reserve criminal penalties for those who knowingly "doctor" their books to cover a bribe, and exclude those who might make honest accounting errors.

Some revision or clarification of the 1977 Act may be needed. Members of both political parties agree on that but Congress passed the original measure by unanimity, and many on Capitol Hill will need to be assured they are not voting for a "pro-bribery" revision if they are to follow the Administration line.

Japan wins E. German iron foundry contract

BY LESLIE COLITT IN EAST BERLIN

EAST GERMANY has awarded Japan's Marubeni Corporation a contract valued at \$150m-\$200m (up to £95m) to build a grey cast iron foundry with a capacity of 45,000 tonnes for the East German truck industry.

It was won ahead of competition from GKN, Constructors of the UK, the West Berlin-based Berlin Consult and Krupp of West Germany.

Both Krupp and GKN believed they had a good chance of gaining the contract, but fears were expressed recently that the Japanese might win it during the current official visit to Japan by Herr Erich Honecker, East Germany's Communist leader and President. This is his first visit to a major non-Communist country.

C. Itoh of Tokyo won another East German contract to supply a plant to produce automotive clutch parts. The deal is to be paid for mainly with products of the East German metal-working industry.

Under an agreement between Marubeni and Technocommerz, the East German foreign trade organisation, the foundry to be built in Leipzig is to be paid for with its output which is to include engine blocks, smaller iron castings as well as brake drums. In addition East Germany is to export machine tools and electrical engineering products to complete payment.

East Germany is also expected to sign several other large contracts with Japanese companies during Herr Honecker's visit including one for a \$500m oil-cracking plant.

Trade between East Germany and Japan amounted to \$178m last year with three-quarters of it Japanese exports to East Germany.

East Berlin hopes to double the trade volume by 1983 and redress the imbalance as soon as possible. The East Germans also signed a trade and navigation treaty with Japan, its first with a large non-Comecon country.

Paul Cheeseright adds: The timing of the contract announcement, part of the range of commercial deals linked to Mr Erich Honecker's visit to Toyko, is a clear indication that the GKN Contractors' bid for the Leipzig foundry was pushed aside for political reasons.

The GKN bid is thought to have been highly competitive, both in technical and cost terms, and was backed by the Government within the terms of its support for British companies tendering for major project contracts overseas.

GKN, however, may have the possibility of winning another contract in East Germany—for a wheel plant, although this would be smaller in scale than the foundry contract.

The group has already established a track record in the country. Last year it won a £40m contract for a forging plant to add to a string of successfully negotiated deals in Eastern Europe, including the provision of engineering services to the £250m Ursus tractor plant in Poland.

Italian car maker to import Japanese engines

BY JAMES BUXTON IN ROME

NUOVA INNOCENTI, the privately-owned Italian car manufacturer which makes a version of the BL Mini under licence, has received Italian Government approval for its contract to import Daihatsu engines from Japan to be installed in a new car.

The contract, which was agreed in February, is for Innocenti to import 150,000 engines.

The contract will mean the phasing out of BL's connection with Innocenti, which has supplied engines and transmission equipment for the Innocenti Mini.

This means that BL will be free to promote its new product—the Mini Metro—in Italy unhindered by its connection with the Italian concern. BL is pinning considerable hopes on the Metro, which goes on sale in Italy next month.

For Sig. Alejandro de Tomaso, the Argentinian-born owner and manager of Innocenti, the deal marks a considerable *volte face*, since he has been strongly opposed to the Japanese penetration of the European motor industry, which Italy has avoided, because of a long-standing ban on imports of more than 2,000 Japanese cars a year.

● Snia Viscosa, the Italian chemical and fibres concern, has won an important contract to build and equip a factory making nylon fibre carpets in Egypt.

The contract is with the Egyptian General Organisation for Industrialisation, for the benefit of the MISR Rayon of Alexandria.

Snia Viscosa will provide the engineering and machinery and will help in the assembly and starting up of the plant, which is expected to take place towards the end of 1982.

W Midlands to spend £43m on development

BY LORNE BARLING

THE Labour-controlled West Midlands County Council is to set up a £43m fund to promote industrial development. The area has recently suffered the worst decline of employment in the country.

A body similar to industrial development agencies in other parts of Britain is to be set up in January next year and run by a group of experienced businessmen recruited from industry, according to Mr. Geoff Edge, chairman of the council's economic development committee.

The council is expected to pass the scheme this week. It will be funded initially by £8m from rates and £35m from the county-administered council workers' pension fund. An additional £6m to £10m is likely to be provided each year from the pension fund and £8m from rates, Mr Edge said.

Its aim is to create 5,000 jobs a year in the West Midlands by promoting the area abroad, providing suitable factory space and investing in companies. The plan was outlined in Labour's election manifesto before it recently won control of the council.

"The West Midlands has been losing jobs at a rate of up to 5,000 a month, which is more than the council has been creating each year through its promotion of small businesses," Mr Edge, former MP for Aldridge-Brownhills, said.

"We want to invest in the expansion of industry and believe we can create at least 2,000 jobs a year simply by the more active provision of industrial premises," he said.

Some of the rest could be generated by targeted promotion of the West Midlands in Britain and abroad, particularly the U.S. where the expansion of electronics companies into Europe has been seen as having great potential.

The new development agency, which may be called West Midlands Development, will be responsible to the county developers' committee, but will have wide powers to provide buildings, plant and machinery for industry. The committee will also seek more government and EEC aid for the area.

Efforts will also be made to encourage other pension funds and institutions to invest through the agency, but the initial cost of the fund will mean an additional 1.75p to 2p in the pound for county ratepayers.

At a time of concern over rate levels, this is expected to be a controversial issue, and these plans have yet to be discussed with the regional Confederation of British Industry and the Brirmingham Chamber of Commerce.

Nevertheless Mr Edge said he believed there should be co-operation with both organisations, particularly the chamber, which runs a small but similar scheme called Birmingham Venture, funded by major Midlands companies.

The council receives about 1,300 industrial property inquiries a year, which Mr Edge believes should be closely folowed up, even to the extent of offering free business plans to companies and providing cash for investment.

The eight businessmen to be recruited to run the agency are expected to come from British companies, and have intimate knowledge of local conditions and the needs of industry.

Scottish Nationalist motion calls for civil disobedience

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

THE Scottish National Party opened its annual conference yesterday with a resolution calling for political strikes and civil disobedience on a mass scale to end British misrule.

The motion at the start of the three day meeting in Aberdeen revealed the wide split between the Left and traditional wings of the party over political tactics.

The SNP, which had 11 Members of Parliament following the October 1974 elections, has only two now. An opinion poll published in The Scotsman newspaper yesterday showed popularity for the SNP had declined from 17.3 per cent at the May 1979 election to 15 per cent.

The Mori poll put Labour on top in Scotland with 42 per cent, followed by the Conservatives with 23 per cent and the Liberals with 14. Of those polled, 31 per cent said they would back a Liberal/Social Democratic alliance.

Yesterday's resolution on civil disobedience expressed "outrage at the destruction of Scotland's industrial base by the policies of an English Tory Government."

It said that the conference recognised that a real Scottish resistance and defence of jobs demands direct action up to and including political strikes and disobedience on a mass scale.

Mr Jim Sillars, former Scottish Labour MP who has emerged as the leader of the leftist "79 group" of the SNP, told conference: "We've got to turn to the Scottish people and say it's high time someone took a moral stand of courage in Scottish society.

"We've got to provide a lead at a time of crisis in our nation's history . . . sacrifices there will be, people will be hurt but we've got to understand that if we are going to adopt this strategy, plan it and then implement it."

Mr Sillars said: "We've got to end the long series of perpetuations and humiliations of destruction of the people who make up the Scottish nation. If we don't fight we will sink."

He later told reporters that one gesture of civil disobedience might be the occupation of the proposed Scottish Assembly buildings in Edinburgh. "We must be prepared to go all the way, even to jail," he said.

One speaker suggested the occupation of Job Centres in Scotland. Another complained that the party was becoming burdened with respectability.

Opponents of the motion said that civil disobedience could lead to people losing their jobs. Others saw the effects of civil disobedience as being devalued by premature action.

Car sales expected to pick up 5%

By Kenneth Gooding, Motor Industry Correspondent

New car registrations next year should recover by about 5 per cent, taking 1982 sales to 1.45m, according to the Society of Motor Manufacturers and Traders.

Mr. Hugh Cownie, the society's economic adviser, said yesterday the industry expected registrations of light commercial vehicles up to 3.5 tons to bounce back by 12 per cent with sales of 185,000 next year.

The predicted improvement for heavy commercial vehicles over 3.5 tons, was 8 per cent taking sales to 52,000.

Mr. Cownie said at a seminar connected with the Montradex 81 exhibition in London, that there was a strong relationship between new vehicle demand, consumer expenditure and gross domestic product in the UK.

The society expected GDP to rise 1 per cent in 1982, roughly in line with the official Treasury forecast. But it is much less optimistic about consumer expenditure which it predicts will go up only 0.5 per cent compared with the Treasury forecast of 1.1 per cent.

Mr. Cownie said his personal view was that car registrations would be slightly higher than that at 1.4m.

The society's forecasts for 1981 predict a 20 per cent slump in light commercial sales to 165,000 and a 21 per cent drop in registrations of heavy commercial vehicles to 45,000.

Speed renews attack on defence cut plans

BY BRIDGET BLOOM

MR KEITH SPEED, the former Navy Minister who was sacked by Mrs Thatcher last week, returned yesterday "unrepentent" to renew his attack on Britain's proposed defence cuts.

He appeared to contradict the assertions of Mr John Nott, the Defence Secretary, that no decisions had been taken yet in the current defence review, when he said that only one of the three armed services would be affected badly.

"All forecasts," he told a seminar of the Institute for European Studies in London, "suggest that this will be the Royal Navy." The sort of cuts being proposed, he said, would mean that Britain "would face a crisis in the 1980s and a cataclysm in the 1990s."

Mr Speed's remarks came barely two weeks after he criticised proposed defence cuts in a speech to his constituency. In the ensuing political row, Mr Speed was sacked from the Government. By his renewed attack yesterday he has shown that he has no intention of letting the matter drop.

In his constituency speech, Mr Speed said that "irreversibly to run down the Royal Navy would be to ignore this country's history, its geography, its economic trading base and the security facts of life as members of Nato."

Yesterday he spelt out what could be involved in the cuts. The Navy was already smaller than a decade ago when, for example, it had 66 frigares against the present 44. Real savings would have to involve across the board cuts in manpower, on the support side, in the four naval dockyards, in the fleet-in-being and in future orders of ships and weapons, just at a time when Britain ought to be ordering more to meet the increasingly sophisticated threat from the Soviet navy, he said.

At least one, and probably two dockyards would have to go, while morale could be so badly affected that key personnel would be lost. "The loss of 2,000 key people could grind the Navy to a halt."

He believed that more balanced cuts should be made, and that the Government should aim to cut £400m-£500m from the Rhine army over the next 2-3 years. It was not true that over a period barracks and schools could not be found in the UK for troops pulled back from Germany, while exercises last year had shown they could be returned in time of emergency.

The Treasury must be persuaded to allow short term expenditure to secure long term rationalisation of Britain's defence effort.

Environment Department in aid tangle

By Robin Pauley

THE Environment Department is trying for the second time to untangle an error it made in calculating how much urban aid grant to give a London borough.

Part of Brent Council's application for urban aid was for £97,050 towards the full year's running expenses of the Community Law Centre. But the department reduced its grant by about £20,000, a sum equivalent to the cost of a new young persons' law project.

However, the department failed to realise that the council would not be paying anything towards this project this year because it would be financed almost entirely by other bodies. The council mentioned the £20,000 sum in its application for aid only because it wanted a promise of some special funding in future years.

The Einvironment Department agreed that it had mistakenly thought it was being asked to put £20,000 into the new project this year and agreed to have another look at the council's application. However, after a further look at the figures, the department said it was not prepared to restore the disputed £20,000 of grant.

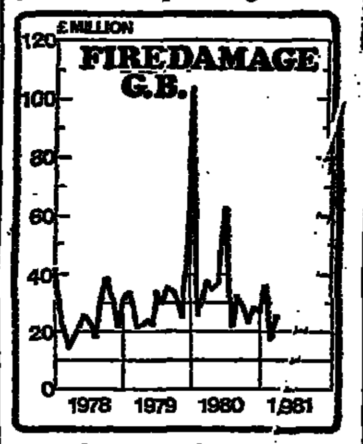
Brent officials and council leaders met Mr Michael Heseltine, Environment Secretary, who promised that the question would be reviewed. As a result application for the £20,000 of grant has once again gone back to the department.

Fire damage up but still at low level

By Eric Short

FIRE DAMAGE costs last month rose by £7.5m to £25.4m from the low level in March, according to figures issued yesterday by the British Insurance Association.

March's costs were the lowest monthly figures for almost three years and April's figure was more than £13m below that of April last year. Costs for the first four months of this year were £108.3m, nearly half the corresponding figure last year of £200.9m.



Possible factors contributing to the better figures include more adequate maintenance and fire precaution measures and the recession, resulting in lower fire risks.

The number of major fires this year is well down on last year. There were only two in April, one at the Edinburgh factory of Manclark, which cost more than £1.8m, and the fire at the Wimbledon store of F. W. Woolworth, which cost the life of one fireman and damage of £1.75m.

Government defends plan to expand nuclear power

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE GOVERNMENT yesterday insisted that there was a "good economic case" for expanding Britain's nuclear power capacity—provided stations could be built cost-effectively.

This follows the publication last week of a Monopolies Commission report which cast doubt on the economic arguments used by the Central Electricity Generating Board to justify nuclear expansion.

Mr Norman Lamont, a junior Energy Minister, said the commission's report had underlined the need for power stations to be built on time and to cost.

"But there is a good economic case for increasing the country's nuclear capacity provided this can be done cost-effectively," he said in an article in British Business, a Department of Industry publication.

"British industry is already deeply concerned at having to pay more for bulk supplies of electricity than some of our European competitors. France, for example is able to supply large users more cheaply, and has five times our proportion of nuclear and hydro-electric power."

The two latest orders for nuclear stations—one to be built at Heysham in Lancashire and the other at Torness in Scotland—represented the first domestic nuclear power station orders for a decade, he said. Such discontinuity had not helped the equipment suppliers or electricity consumers.

Mr. Lamont made no mention of the Monopolies Commission's statement

Authorities 'must sack incompetent teachers'

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

LOCAL authorities were accused yesterday of refusing to support heads of schools who wanted to sack incompetent teachers.

"The poor teacher can do quite irreparable damage to the education of pupils," Mr. David Hart, general secretary of the National Association of Head Teachers, told his union's conference at Blackpool.

"We all know there are a number of teachers who are demonstrably incompetent," he added. There were also incompetent heads.

But while national procedures existed for dismissing inadequate staff, many local education authorities did not use them rigorously enough.

Mr Hart cited the case of a teacher who, although still in his 30s, had already worked in 14 different schools. The man's local authority should have sacked him years ago, but instead had simply moved him from school to school in an attempt "to sweep the problem under the carpet."

As well as hampering children's progress, incompetent staff damaged the morale of their colleagues and barred the door to capable teachers unable to find jobs.

Hunger-strikes are IRA's last card, says Thatcher

BY OUR BELFAST CORRESPONDENT

THE hunger-strikes at the Maze prison might well be the IRA's last card, the Prime Minister said yesterday during a surprise visit to Northern Ireland.

Mrs. Thatcher's one-day visit was confined to Belfast and was surrounded by strict security precautions. She visited troops and walked briefly around shops in the city centre.

Mrs Thatcher said in a speech at Stormont: "Faced with the failure of their discredited cause, the men of violence have chosen in recent months to play what may well be their last card. They have turned their violence against themselves through the prison hunger-strike to death.

"They seek to work on the most basic of human emotions—pity—as a means of creating tension and stoking the fires of bitterness and hatred."

Dead hunger-strikers, she said, appear to be of more use to the Provisional IRA than living members. The IRA had put the Catholic community in Ulster on the rack.

The Government's heart went out to the many, including the clergy of the Catholic Church, who were urging the rejection of the extremists.

Four prisoners at the Maze prison have died as a result of hunger-strikes. Three others are still refusing food and a fourth is due to join them following the decision on Tuesday by Brendan McLaughlin to give up his fast for medical reasons.

The Prime Minister said: "It is a tragedy that young men should be persuaded, coerced or ordered to starve themselves to death for a futile cause. Neither I nor any of my colleagues wish to see a single person die of violence—policeman, soldier, civilian or prisoner on hunger-strike."

The Government was not prepared to legitimise the IRA's cause by word or deed. That cause was a dictatorship by force in Northern Ireland and in the Irish Republic.

"We can of course maintain and improve an already humane prison regime but there is no point in pretending that this is what the IRA wants. They have remained inflexible and intransigent in the face of all that we have done.

"They want their violence justified. It is not. It will not be."

Mrs Thatcher said the Government could uphold the law and apply it equally and fairly but could not bring peace.

The necessary will, desire and understanding could only come from the hearts and minds of people in Northern Ireland.

"I know that 'when bad men combine the good must associate.' It is up to you."

Mrs Thatcher's brief visit to the centre of Belfast was met with a protest by members of Civil Service unions in the dispute over pay.

Elinor Goodman, lobby correspondent, adds: Later, Mrs Thatcher saw church leaders. There was no Roman Catholic representative at the meeting, but Downing Street was anxious to point out that the omission was not deliberate and that Cardinal Tomas O'Fiach would be very welcome indeed to come and see Mrs Thatcher in London when he was next in England.

First quarter oil output up 7.4%

BY RAY DAFTER, ENERGY EDITOR

BRITAIN'S PRODUCTION of crude oil during the first quarter of this year reached a record 21.9m tonnes—a 7.4 per cent increase on the same period last year—the Energy Department reported yesterday.

On the other hand, deliveries of refined products fell by 14.8 per cent to 17.6m tonnes during the period. Demand for all products was lower than in the previous year—a reflection of the depressed economy, consumers' resistance to higher prices, conservation, and changes to the use of other fuels.

The latest edition of the department's Energy Trends bulletin shows that total UK energy consumption, measured on a primary fuel input basis, was the equivalent of 53.9m tonnes of oil during the first quarter—a fall of 8.3 per cent on the level a year earlier.

The consumption of oil products fell by 13.5 per cent. Demand for coal and natural gas dropped by 8.9 and 3.1 per cent respectively.

When measured on a seasonally-adjusted and temperature-corrected basis, total energy consumption was down 6.2 per cent on the first quarter of last year.

Coal production in the February-April period was 34.6m tonnes—0.7m tonnes or 2 per cent lower than in the corresponding three months last year.

In the same quarter, gas supplies totalled 5.35bn therms, a 0.1 per cent fall from the level a year earlier.

In the domestic sector, the fuel price indices for solid fuels, gas and electricity rose by 27 per cent, 28 per cent and 30 per cent respectively in the first three months of this year compared with the first quarter of 1980.

In the industrial sector indices for all fuels rose by 23 per cent in the final quarter of 1980 compared with the last quarter of 1979.

In the same context, gas prices rose the most—by 35 per cent.

● Mr. Merlyn Rees, Shadow Energy Secretary, blamed the Government for allowing Britain's oil stake in the North Sea to fall to less than half.

State backs office of the future

THE GOVERNMENT'S decision to invest £80m over the next four years in what has become characterised as the office of the future underlines its growing commitment to promote the growth of the information technology industry in the UK.

ELAINE WILLIAMS looks at the Government's commitment to promoting growth in the manufacture of advanced information systems from word processors to satellite communications equipment.

Information technology covers a wide variety of techniques for making information handling more efficient by combining computers with communications and office equipment. It includes everything from word processors to satellite communications equipment.

In a recent report to the Government, the Advisory Council for Applied Research and Development, ACARD, said that the world market for information technology products was worth £50bn and growing at 10 per cent a year. By 1990 the market will be £150bn.

"This country's future trading performance will depend greatly on its ability to compete in world markets," ACARD warned. It called for the rapid and effective application of such products and services by industry and commerce.

The Government has become increasingly concerned that British industry is not moving quickly enough into office automation. This could stimulate the growth of the UK information technology industry.

About 75 per cent of the £80m allocated by the Government will be used for research and development of specific products and applications. The remainder is to provide seminars and exhibitions to increase awareness of the technology.

Up to 25 per cent of the development costs of new products will be provided by the Government.

In addition to funding research and development, the Government is taking several small steps to encourage UK companies involved in information technology in the coming months. They include:

● Introducing word processors in Whitehall.

● Setting up eight office automation projects in government departments using British equipment where possible.

● Investigating ways in which the Health and Social Services departments could use information systems to improve administration.

Newcastle SDP to fight for council seat

By Our Lobby Correspondent

SOCIAL DEMOCRATS in Newcastle are bidding to become the first to field a candidate under the party's banner. The provisional group there is to select a candidate shortly to run in a council by-election in July in the marginal Labour ward of Walkergate.

The by-election, caused by the death of the Labour councillor, Mr Ray Gray, could be a pointer to the chances of SDP MPs in the North East being returned to Westminster.

The Walkergate ward is within the constituency of Mr Mike Thomas, the new party's MP for Newcastle East.

The SDP fielded no official candidates in this month's local elections, although a number did stand describing themselves as Social Democrats.

Merchant fleet fear

THE SIZE of Britain's merchant navy is forecast to drop by a sixth to 30m dwt over the next year and a half, warned Mr Edmund Vestey, president of the General Council of British Shipping, in his inaugural address yesterday. He called for co-operation between trade unions and management to halt the decline.

Ark Royal launch

HMS Ark Royal, the third of the Royal Navy's new generation of aircraft carriers, will be launched by the Queen Mother at Swan Hunter's Wallsend yard on Tyneside next Tuesday.

Barclays lifts limit

BARCLAYS BANK is to double to £100 the daily amount which its customers can draw at branches and automated terminals from June 1.

Concorde charter

BRITISH AIRWAYS will make the first Concorde flight to New Zealand on October 16, under a special charter designed to raise money for the Guild of Air Pilots and Air Navigators. Up to 100 passengers will pay £3,450 each for the round trip including a week's accommodation.

Jobless alliance

EIGHT voluntary organisations yesterday launched an Unemployment Alliance to draw attention to the plight of the long term jobless. Members include the National Association of Citizens Advice Bureaux, the National Association for Mental Health, the National Council for Voluntary Organisations and Youthaid.

Wedding plus

BBC RADIO 3 is spending £30,000 on "an additional not alternative" Royal Wedding with a three-part musical feature concerning a marriage in the Bavarian royal family of 1568.

Silkin launches campaign with plea for 'sane' Labour policies

BY ELINOR GOODMAN

MR JOHN SILKIN, the shadow Leader of the House, yesterday presented his policies as candidate for the job of Labour's deputy leader. He favours EEC withdrawal, import controls, "massive" public and private investment in industry, worker participation—and sanity.

Writing in Tribune magazine, Mr Silkin, who is hoping to pick up most of the votes of the Tribune MPs, was at pains to present himself as the sensible candidate on the Left in contrast to Mr Tony Benn, whom, without actually naming him, he managed to paint as the candidate lacking in sense.

It was essential, he said, that Labour had "sanity" in its promises." In a clear reference to some of Mr Benn's promises he said. "We cannot solve unemployment, abrogate the Treaty of Romefi create 1,000 peers in three weeks and be believed."

Mr. Silkin, who is also hoping to take votes from Mr Denis Healey, the Shadow Foreign Secretary, was equally scathing about some of the compromises put forward by moderates in the party. The "half way house" of repealing the European Communities Act was no solution to the problem of Britain's membership of the EEC.

Meanwhile, in an interview on BBC television last night, Mr Roy Hattersley, shadow Home Secretary, also attacked the methods being used by some extreme Left-wingers. He accused Mr Benn's supporters of intimidating members of the party's national executive in their campaign to get him elected Deputy Leader as a preliminary to making a bid for the leadership itself.

He also claimed that Mr. Benn's campaign for the deputy leadership was a direct attack on Mr Michael Foot, the party Leader. It was, he said, "the most objectionable way to run a campaign."

Mr Hattersley, who is co-chairman of Labour's solidarity campaign, reaffirmed his determination to stay within the Labour Party to fight what he claimed was the undemocratic minority on the extreme Left.

Mr. Hattersley has argued before that the Militant Tendency organisation has no place within the Labour Party. Last night, he said, it was "quite extraordinary" that the NEC had allowed this situation to continue.

Mr. Benn last night rejected criticism that his campaign was damaging Labour's fight against the Tories. Interviewed on BBC Nationwide, he said that his campaign had already meant that policies were being properly debated within the Labour Party.

He made it clear that he had no intention of obeying any request from Mr. Foot to toe the shadow Cabinet line if it meant going against party policy. It would be wrong, he said, for him to say different things now to those he said before being elected to the shadow Cabinet.

Funds row threatens overseas aid body

By David Tonge

A WHITEHALL dispute about whether public bodies should be allowed to borrow abroad is threatening the activities of the Commonwealth Development Corporation, the most cost-effective part of Britain's overseas aid programme.

Lord Kindersley, chairman of the corporation, said yesterday that cuts in the Government's aid programme has made the situation tight. In 1980 it had made commitments to 31 projects totalling £80.8m—slightly below the 1979 level of £82.7m.

Lord Kindersley said that without funds raised abroad, by the end of this year the CDC "would have to contemplate quite a severe cut down in future commitments."

The Treasury has reduced the amounts it is prepared to advance to the corporation, which hopes to meet its financing requirements by raising tranches of £25m abroad, a proposal included in the conclusions of a review of the CDC sent to ministers in February.

The corporation says it should be allowed to raise these funds arguing that they will be spent abroad. It has strong support from the Overseas Development Administration whose minister, Mr Neil Marten, has been arguing that the CDC is a particularly effective body supporting "British political and commercial objectives."

The Treasury has been insisting that any borrowing by the CDC has to be included in the PSBR and that there can be no exceptions.

CDC's results for 1980 showed that it drew less from the Treasury than it repaid in principal and interest—£20.3m as against £20.5m.

It aims to bridge the gap between aid and investment, acting as a catalyst for companies prepared to invest in developing countries. At the end of 1980 its commitments totalled £516m, compared with £449m a year earlier.

By sector, 43.4 per cent of its commitments are to projects in the agricultural field and 23.2 per cent in power and water.

Pre-tax profits almost halved at CWS

By David Churchill, Consumer Affairs Correspondent

THE CO-OPERATIVE Wholesale Society, the largest food manufacturing and wholesaling organisation in Europe, yesterday announced pre-tax profits for its last financial year down by almost half.

For the year ended January 10, 1981, the society made a pre-tax profit of £12.1m compared with £23m in the previous financial year. Sales in the last year were £1.807bn, compared with £1.659bn the year before.

In spite of the profits fall, the society has maintained the level of dividend to the retail co-operative societies whose total payment will be a record £8.5m.

CWS is owned by the 170 or so retail societies and most surplus income is used to improve its manufacturing facilities.

In the last financial year its capital investment totalled a record £41m, an increase of nearly 20 per cent over the previous year.

The main trading success was the grocery division where profits rose by more than half to £9m on turnover up by a tenth.

Capital investment in 1981 may fall by 4%

BY DAVID MARSH

BRITISH INDUSTRY this year is likely to spend about 4 per cent less in real terms on capital investment compared with 1980, according to the latest Department of Industry survey of investment intentions.

The report is slightly less gloomy than the department's December survey, which predicted a fall of more than 6 per cent. Investment fell by 0.5 per cent last year.

The smaller degree of pessimism mainly reflects a better outlook for the distributive and service sectors which make up about two-thirds of total industry investment.

Spending in these sectors is expected to rise this year by nearly 3 per cent compared with 1980 to an estimated £6.15bn at constant 1975 prices. The department's previous survey forecast that investment would be roughly maintained this year.

In the manufacturing sector, which has borne the brunt of the recession so far, spending is expected to decline by 16 per cent this year to £2.92bn at 1975 prices. This is slightly less of a decline than previously forecast.

During 1980, capital spending by manufacturing industry fell by about 10 per cent, while investment in the distributive and service sectors rose by 6 per cent.

The figures show the widening gulf between the investment climate in different sectors of industry. But the department admits that the statistics exaggerate the size of investment in the distributive and service sectors compared with manufacturing. This reflects the growth of leasing, under which assets are bought by service companies for use by manufacturing industry.

When leasing by manufacturers is added to their direct purchases, the predicted fall in manufacturing investment this year is a slightly less drastic 12 or 13 per cent, the department says.

Labour movement attacks latest figures

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE MID-MAY unemployment figures, showing a further rise, were quickly seized upon yesterday by trade union and Labour Party leaders in order to attack Government policies.

The Trades Union Congress said: "Everyone, apart from the most obstinate Government Ministers, now recognises the need for urgent measures to turn the economy around and implement a plan for national reconstruction."

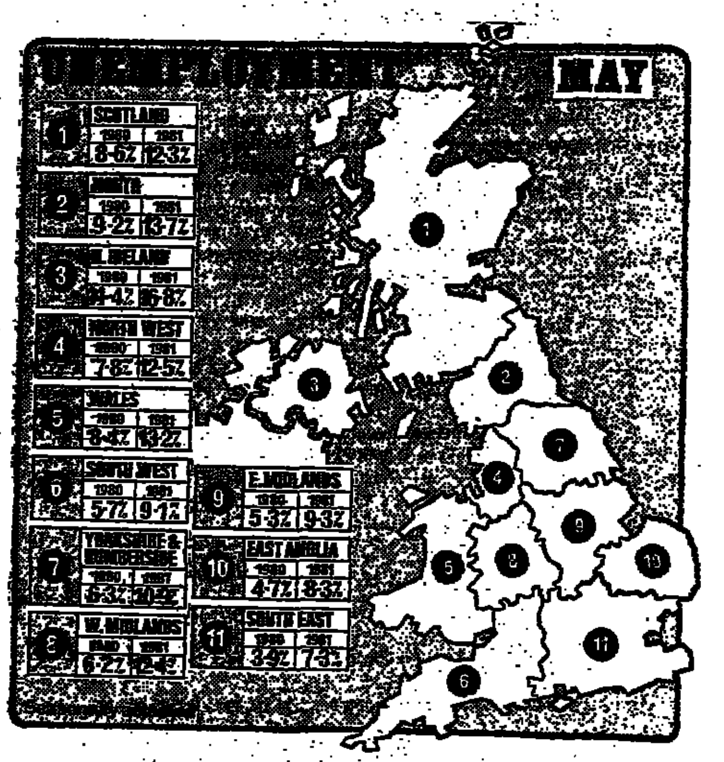
A similar theme was taken up by Mr John Grant, a Labour employment spokesman, while Mr David Basnett of the General and Municipal Workers' Union said the figures "clearly expose the Government's talk of economic recovery as a gigantic confidence trick."

The Confederation of British Industry said the figures were "in line with our view that the number of jobless is likely to rise to about 3m by the end of the year. It is important that people understand that ensuring the competitiveness of British industry is the only long-term way of creating jobs. This means that in the coming pay round there must be a further significant fall in the level of pay settlements, with no cuts in working hours."

The latest figures confirm that regional differences in unemployment have narrowed during the recession though the percentage of the labour force without jobs remains much higher in the north and west of the UK.

In the six months to mid-May adult unemployment rose by nearly 24 per cent in the UK as a whole. But the increase was 31.1 per cent in the west Midlands, which is suffering particularly because of the problems of the engineering industry, and the rise was above average in the south east and the east Midlands.

In contrast, there were below average increases in regions of traditionally high unemployment such as Northern Ireland, Wales, Scotland and the north.



Put options get off to a buoyant start

Christine Moir looks at the first day of trading in the second arm of a new market

PUT OPTIONS got off to a buoyant start yesterday. These options make up the vital second arm of the Traded Options Market. They confer the right to sell shares ahead in the way that call options confer the right to buy them.

There were 455 contracts traded by the close of business in the first three puts classes ever to be introduced to the market—for BP, Racal and Lonrho.

At opening time yesterday Mr David Steen, chairman of the Stock Exchange's option panel said he would be happy with a much more modest start to this new section of the market—about 60 to 70 deals.

The level of trading yesterday is therefore being seen as an auspicious omen for the now fully-fledged market.

The London Traded Options Exchange opened three years ago. But while investors and dealers gained familiarity with the highly sophisticated skills required trading was limited to call options. In consequence the market was not fully operational and much of its real attraction to an investor was missing.

A call option is a right to buy existing shares in a specific company at a fixed price until a certain date. Mr. Charles Williamson, Sheppards and Chase's options expert, says most people buy call options when they expect the underlying shares to rise in price.

Put options are their mirror. They confer the right to sell shares at a fixed price up to a set future date and in their simplest form therefore are attractive to investors who believe share prices will fall during the time specified.

It is ironic that the start of puts dealing just missed the sort of market in which they would have been highly attractive.

Many investors watching the market roar ahead over Easter shook their heads and waited for a sharp reactive fall. If put options had existed they could have matched their fears with action.

Another group of onlookers were certain that the index would move sharply one way or another—either upward above 600 or down to the familiar base of 550. That view lends itself naturally to one of the more sophisticated deals possible in options—a straddle, in which the investor buys both a put and a call option.

Such moves are now possible in theory. In practice, however, they are still limited to BP, Lonrho and Racal, though the exchange intends to introduce a few more soon—possibly led by Vaal Reefs, a classic gold mining share.

Whether traded options are fundamentally attractive to UK investors, however, is a different question and one to which the answer is far from clear as yet. The Stock Exchange itself is still "predicting" rather than announcing the success of the options market.

Until yesterday the evidence was not especially encouraging. Mr Steen has always said that the exchange would uncross its fingers once traded options contracts had stabilised at over 2,000 a day.

The target has occasionally been achieved, but there have been many more whole weeks when contracts have bumped along at only about 500 a day —this in recent months when the initial tax inhibitions had long since been ironed out. Last week, for instance, the average was only about 1,000.

Institutional investors remain at best obstinately apathetic to the market, which they regard as offering only marginal attractions compared with the main thrust of their investment strategies. Some, like the pension funds, still face tax burdens if they become active traders.

The numbers of brokers and jobbers involved in the market have also been growing only sluggishly. There are six market makers, five of them jobbers. About 20 broking firms are active.

The dull response from its own members has disappointed the Stock Exchange until recently. But it claims now to be emboldened by attendances at recent seminars and the special conference arranged earlier this month.

The Exchange's rare advertising campaign has also exceeded expectations. It published an Introduction to Traded Options, widely advertised as free on request, and has so far had 13,000 requests from the public. Stockbrokers, too, have been taking large parcels of the booklet, so that total distribution so far is 28,000.

But the path to success will be a long one as the experience of the European Options Exchange in Amsterdam has shown.

The European exchange, which is six months older than London's has had puts from the beginning. To achieve the equivalent of London's 2,000-a-day contracts, the Dutch average would need to be 8,000. In spite of a 49 per cent increase in volume last year and the introduction of options in gold, average bargains in the best month so far have reached only just over 6,000.

It is not quite fair to compare the two markets. The European exchange lacks depth. Over half the volume is in one share, Royal Dutch. The London market has 17 classes of shares in which options can be traded, ranging from BP to Marks and Spencer, Grand Metropolitan to Barclays Bank, RTZ to Imperial Group.

What the London market still lacks is liquidity. And that will only come about when there are many more active writers, buyers and sellers, creating a climate which will encourage market makers for the contracts which can then be traded.

UK NEWS—LABOUR

Miners want coal sales boosted by loans from fund

BY CHRISTIAN TYLER, LABOUR EDITOR

AN UNUSUAL proposal for harnessing mineworkers' pension fund money to boost sales of coal to British industry has been put forward by miners in Derbyshire.

The suggestion is that up to 5 per cent of the pension fund—which stood at nearly £840m in September—should be used to extend loans at preferential interest rates to enterprises wanting to convert from oil to coal-fired plant.

That would rais about £42m, or nearly as much as the £50m which the Government recently made available in grants for the same purpose.

The idea has been tabled by the Derbyshire area of the National Union of Mineworkers for the union's annual policy conference in July. It is not yet clear what support it will get from the union's leadership or from the conference delegates.

In general, the union has agreed with the common practice that pension fund money be not invested in the members' own industry. But Mr. Joe Gormley, NUM president, may be sympathetic to what many of his colleagues will see as an act of faith in the coal industry's future.

Mr Peter Heathfield, the Derbyshire area secretary who sponsored the proposal, said yesterday he did not think the usual objection would apply in this case, or that miners would balk at permitting a rate of return a few per cent less than commercial interest rates when the scheme would help preserve their own jobs.

"I don't see it as risk capital. I have no qualms about it. I think we could set a pattern," he declared.

Mr Heathfield was once one of the NUM's trustees on the pension fund—one of the biggest in Britain. He resigned in protest when the trustees would not sell off an Edinburgh-based company with South African mining interests it had acquired. His reason was his belief that the British miners should not be associated with businesses that employed cheaper black African labour.

The Derbyshire motion for debate is in tune with TUC policy that pension funds should be used for industrial regeneration in Britain rather than the acquisition of, for instance, large overseas property portfolios.

It is rare for a trade union to propose a specific measure in its own industry. Although the TUC is prompting them, most trade union trustees remain conscious of their obligation to secure the highest financial return possible, and are reluctant to fake such initiatives.

The same reaction may become evident even if the NUM conference adopts the suggestion that the trustees and management committee of the Mineworkers Pension Fund examine the feasibility of the Derbyshire suggestion.

South faces rail chaos

BY OUR LABOUR STAFF

THOUSANDS OF rail travellers, particularly in the London commuting region, could suffer inconvenience next week whether or not the rail unions give official support to threatened industrial action, a union leader warned yesterday.

The most likely services to be affected by the unofficial action on Monday are those in the Southern Region's central division.

Drivers on services between Victoria and Waterloo and large parts of Surrey, Sussex, Hampshire and South London have threatened to walk out rather than work the new schedules.

Other unofficial action could be decided upon by drivers in the rest of the Southern Region and there is a possibility of a complete close-down in the region if not on Monday, later in the week. Part of BR's Eastern Region could also be affected.

The three rail unions are to meet to consider what to do now that British Rail has said it will go ahead with timetable changes—meaning some reductions in service—from Monday.

Mr. Charles Turnock, assistant general secretary of the biggest union, the National Union of Railwaymen, said: "We shall be seeking consultation with our sister rail unions to formulate additional action."

BASE LENDING RATES

A.B.N. Bank	12 %	■ Guinness Mahon	12 %
Allied Irish Bank	12 %	■ Hambros Bank	12 %
American Express Bk.	12 %	Heritable & Gen. Trust	12 %
Amro Bank	12 %	■ Hill Samuel	§12 %
Henry Ansbacher	12 %	C. Hoare & Co.	†12 %
AP Bank Ltd.	12 %	Hongkong & Shanghai	12 %
■ Arbuthnot Latham	12 %	Keyser Ullmann	12 %
Associates Cap. Corp.	12 %	Knowsley & Co. Ltd.	14 %
Banco de Bilbao	12 %	Langris Trust Ltd.	12 %
BCCI	12 %	Lloyds Bank	12 %
Bank of Cyprus	12 %	Mallinhall Limited	12 %
Bank of N.S.W.	12 %	Edward Manson & Co.	13 %
Banque Belge Ltd.	12 %	Midland Bank	12 %
Banque du Rhone et de la Tamise S.A.	12½%	■ Samuel Montagu	12 %
Barclays Bank	12 %	■ Morgan Grenfell	12 %
Beneficial Trust Ltd.	13 %	National Westminster	12 %
Bremar Holdings Ltd.	13 %	Norwich General Trust	12 %
Bristol & West Invests.	13 %	P. S. Refson & Co.	12 %
Brit. Bank of Mid. East	12 %	Ryl. Bk. Canada (Ldn.)	12 %
■ Brown Shipley	12½%	Slavenburg's Bank	12 %
Canada Perm't Trust	13 %	E. S. Schwab	13 %
Cayzer Ltd.	12 %	Standard Chartered	‖12 %
Cedar Holdings	12 %	Trade Dev. Bank	12 %
■ Charterhouse Japhet	12 %	Trustee Savings Bank	12 %
Choulartons	12 %	TCB Ltd.	12 %
C. E. Coates	12 %	United Bank of Kuwait	12 %
Consolidated Credits	12 %	Whiteaway Laidlaw	12½%
Co-operative Bank	*12 %	Williams & Glyn's	12 %
Corinthian Secs.	12 %	Wintrust Secs. Ltd.	12 %
The Cyprus Popular Bk.	12 %	Yorkshire Bank	12 %
Duncan Lawrie	12 %		
Eagil Trust	12 %		
E. T. Trust Limited	12 %		
First Nat. Fin. Corp.	14½%		
First Nat. Secs. Ltd.	14½%		
Robert Fraser	12 %		
Antony Gibbs	12 %		
Greyhound Guaranty	12 %		
Grindlays Bank	‡12 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 9%, 1-month 9¼%. Short term £4,000/12 months 11.85%.
† 7-day deposits on sums of £10,000 and under 9%, up to £50,000 9¼% and over £50,000 10¼%.
‡ Call deposits £1,000 and over 9%.
§ Demand deposits 9½%.
‖ 21-day deposits over £1,000 10½%.

Print craft unions seem certain to merge

By John Lloyd, Labour Correspondent

A MERGER of the two print craft unions appears certain following a ballot among members of the smaller union which has shown a majority of about two to one in favour of it.

The acceptance, by the 25,000 members of the Society of Lithographic Artists, Designers, Engravers and Process Workers, marks a substantial change in the union's attitude from one of hostility to merger two years ago, and sets the scene for further moves in the attempt to create a unified print union.

The larger of the two craft unions, the 111,000-strong National Graphical Association, will now ballot its members on acceptance of the merger. The previous ballot produced a large majority in favour. Another is expected to do so again.

Separate talks between the two general print unions—the 205,000-strong Society of Graphical and Allied Trades and the 54,000-strong National Society of Operative Printers, Graphical and Media Personnel—are at an advanced stage. The leadership of both unions hope for a merger by the end of this year.

The 32,000-strong National Union of Journalists, which re-affirmed its commitment to merger talks with the NGA at its conference earlier this year, opens talks with the NGA on Thursday in Scarborough. That merger possibility is seen as more problematic than the others now on the agenda, because of deep differences in structure between the two unions, and because the NUJ could lose broadcasting and Irish members.

A final merger of the craft and general unions is seen as a considerable way off. Talks will await the creation of one union in each of the two sectors.

Beyond that, some union officials see the creation of one "media union" taking in the broadcasting and telecommunications sectors.

FT to cut its staff by 200

By John Lloyd, Labour Correspondent

THE FINANCIAL TIMES is to cut its 1,900 staff by 200 over the next year, following a loss by the newspaper last year of £100,000.

The job cuts, which the paper will attempt to achieve by voluntary means, will be partly associated with the transition to computerised setting and photocomposition, which should be phased in next year.

The paper's management has also asked for acceptance by all staff of single figure pay awards in the coming wage round, and for adherence to agreed disputes procedures.

Mr Alan Hare, the FT's chairman, said the machine managers' dispute, on which an interim settlement was reached earlier this week, had cost the company about £800,000.

In a sombre presentation to the paper's staff yesterday, Mr Hare said two options faced the newspaper. "Either we can go ahead into a really bright future or sink into the decline of so much of the rest of Fleet Street."

The paper's management has adopted a profit target of 12 per cent on turnover, which was projected to yield a profit of nearly £8m on a turnover of about £60m by 1983. These projections assume wage increases within the inflation rate to 1983.

Mr Michael Gorman, the FT's finance director, told the staff meeting that the "solution to the company's profitability" lay in controlling payroll costs which accounted for 40 per cent of all costs.

"Such costs are felt to be out of control," he said.

He rejected arguments that the paper's losses were due to the expenses incurred by printing the bulk of its overseas edition in Frankfurt. While profitability on Frankfurt would take longer to achieve than originally expected, the right course was to stick with the project.

Mr Richard McLean, the FT's marketing director, said the company had allocated £1m to a promotion budget aimed at increasing domestic sales by 12,000 copies a day and foreign sales by 9,000 copies a day by the end of the year. The projected average sale for the FT in 1981 is 206,000.

Two other FT projects—World Business Weekly and Fintel—showed losses over the past year of £776,000 and £267,000 respectively. However, WBW has grown to a circulation of 40,000 copies a week in two years, and both it and Fintel are expected to reach profitability soon.

The Financial Times group—which includes the business publishing and business information divisions—showed a profit over the year of £2.1m, about half that of the previous year. Some £1m of group profits were attributable to non-trading activities, such as rent and interest on capital.

Days lost by strikes fall slightly in April

BY PHILIP BASSETT, LABOUR STAFF

THE NUMBER of working days lost through strikes in April fell to 535,000 from 617,000 the previous month, according to figures published yesterday by the Department of Employment.

The number of workers involved in stoppages also fell, from 468,000 to 296,000.

The falls reflect the selective type of industrial action being taken in the pay dispute in the Civil Service, which the department said accounted for well over half the provisional total. The number of days lost in the department's administrative and financial category last month, mostly due to the Civil Service strikes, was about 315,000.

The department's gazette notes that about 250,000 civil servants took action over "trade union matters"—the use of the Navy to prepare for sailing a strike-bound Polaris nuclear submarine last month.

The department said the total of days lost continues to be much more than the low figures for the second half of last year.

The average in the first four months of 1981 was more than 450,000, compared with a monthly average of about 150,000 in the last six months of 1980.

The number of days lost in the first four months in total was 1.828m, compared with 10.243m in the same period last year, which includes the 13-week national steel strike.

● A growing percentage of men are making use of industrial tribunals under the 1970 Equal Pay Act, according to figures in the gazette. Last year 37 per cent of the applicants were men, compared with 4.2 per cent the previous yaer.

Ships idle at Liverpool

BY OUR LABOUR STAFF

ABOUT 20 deep-sea cargo ships were left idle in Liverpool yesterday as 3,500 dockers staged a 24-hour strike over pay.

The dockers are expected back this morning, although there are no plans for further talks between union and employers.

The dockers, who have asked for a 13 per cent pay rise, have rejected an offer of an £8 increase in basic pay because it is conditional on union agreement to wide-ranging changes in working practices.

Employers emphasise that the offer is still open to negotiation, but insist that any deal must be accompanied by changes which will increase efficiency and competitiveness.

The freight service operated between Liverpool and Douglas by the Isle of Man Steam Packet Company was suspended yesterday because of the strike.

● The long-standing dispute over dockers' pay in Southampton will disrupt weekend sailings from the port by P & O Ferries from today for the second week running.

The company yesterday advised passengers to travel by P & O from Dover to Boulogne.

About 1,600 dockers have been placed on a single-day-shift-only routine for about three weeks as a result of industrial action over a claim for earnings parity with non-registered docks staff.

LOMBARD

Ideologues on trial in Gabon

BY DAVID MARSH

ON HIS way back home from Gabon last Saturday, Sir Geoffrey Howe, Britain's Chancellor of the Exchequer, might have felt a pang of fellow-feeling for the gentlemen in loud waistcoats who were assembling outside a rainy Wembley offering England v Scotland tickets at £50 apiece.

Like the West Midlands engineering industry, they were all suffering from a distinct shortage of demand.

Up for grabs in Gabon was the job of chairman of the International Monetary Fund's policy-making interim committee.

Quiescent

Sir Geoffrey was backed for the post by the might of the Reagan Administration. Although officially said to be "quiescent" about the idea, the Chancellor arrived in Libreville apparently preparing to announce that he had been selected.

False hopes. Before Sir Geoffrey had even leftLo ndon, developing countries, stung by Britain's unsympathetic approach to aid, had formed a solid anti-Howe front. Helped too by the IMF managing director and a few of the smaller industrial countries like Belgium and Holland which abstained from the voting, Mr. Allan MacEachen, the Canadian finance minister and Third World champion, was elected.

The first, and most elementary, point about the episode, is that the industrial counties should co-ordinate their positinns before such meetings if they want to avoid embarrassment.

Haggling over the choice—"a brawl", said one delegate—held up the start of the meeting for over an hour.

Trusting that U.S. support would be enough, British officials neglected to do any canvassing beforehand. The Americans were visibly annoyed at the rebuff. During a dicussion afterwards between one hapless Howe aide and a member of the U.S. delegation, there was talk of an "inquest."

Secondly, Britain should review whether antagonising the Third World is really a sound policy. Sir Geoffrey, in his speech to the World Bank's development committee last Friday, pleaded "economic constraints" as the reason for cutting British aid.

But as Mr. Cesar Virata, the Philippines finance minister and spokesman for the Group of 24 developing countries, pointed out, multilateral aid flows often directly benefit hard-pressed industries in donor countries.

Sir Geoffrey also appears on shaky ground in opposing developing countries' call for another SDR distribution. Both the U.S. and Britain say world liquidity is already ample. But the main factor behind rising international reserves has been the increase in the gold price — a windfall which benefits almost exclusively the big gold-owning industrial nations.

The third and most surprising point is that, in debate over revitalising the world economy, Britain and the U.S. are the ideologues, and the Third World mainly the exponents of pragmatic moderation.

In Libreville last week, developing countries agreed that the battle against inflation must remain first priority. Delegates from Grenada, complaining, with some justification, about U.S. opposition to a three-year IMF loan, were moderate almost to the point of being boring.

Inconsistent

The chief ideological crusaders were the Americans. Mr. Beryl Sprinkel, the Treasury Under-Secretary, was unrepentantly inconsistent in his belief that market forces were right in pushing up the dollar/D-Mark rate but wrong in launching Wall Street bond yields to record highs.

Mr Sprinkel, who has commissioned an internal Treasury inquiry into whether the World Bank promotes "state socialism," urged that the "magic" of private capital, not multilateral aid, should be unleashed to resolve the Third World's problems.

The extent of U.S.-British entente was gushingly underlined by Mr. Timothy McNamar, the deputy Treasury Secretary who led the American delegation. He ventured this uncritical summing up of two years of Tory rule: "Mrs Thatcher has done some superb things. We hope to emulate them."

At least the American public now knows what it is in for.

Wrong sums about the Water

RUTLAND WATER

BY ANTHONY MORETON, REGIONAL AFFAIRS EDITOR

AROUND BRITAIN

RUTLAND

IT COMES as something of a surprise to discover that Rutland Water, at 3,100 acres, is probably the largest reservoir in Europe, certainly the largest in Britain and only 100 acres smaller than Lake Windemere.

In all other respects Rutland Water has created an impact in inverse proportion to its size. Even among many of the people of Leicestershire, with which Rutland was unceremoniously merged, the general reaction is Rutland What?

For those who remember that the county of Rutland was swept away in 1974 by the administrative tidiness of Mr. Peter Walker, then Secretary for the Environment, the retention of the name is a pleasant reminder of what was once England's smallest county.

But there is more than a suspicion that the £35m reservoir (which cost £50m when ancilliary works are included, compared with an original estimate of £13m) is a white elephant. The industrial needs for which it was built are no longer so pressing, electricity costs have risen to the point where it has become too expensive to fill the reservoir and the recreation value to be had from the lake and its surrounds are unappreciated by most people who live near it and unknown by those who live further away.

Indeed, had the planners known 12 years ago what they know now, the reservoir probable would not have been built on such a scale. Put another way, they got their sums wrong.

For instance, it was envisaged when the plans were being drawn up that the reservoir would have a capacity of about 50m gallons a day. But such were the contours of the land that when the bowl was filled, the capacity turned out to be somewhere between 60m and 70m gallons.

Rutland Water was planned in the late 1960s to meet the needs of the expanding new towns of Peterborough and Northampton in particular and Leicester to a lesser extent. It was expected that as the new towns attracted more industry and grew they would need a better source of supply than the local rivers could provide.

A capital project like Rutland Water takes years to build (and even two years to fill) and by the time the reservoir was full, around 1978, the economy had turned down and the expansion plans of the new towns brought to a halt.

Nonetheless, there is a certain inexorable momentum about building large projects, and once set in motion they are difficult to halt or even amend. Such a course would have been impossible, in any case, with the two-year-long reorganisation of the water supply industry, another of Mr. Walker's projects, between 1972 and 1974. The Northamptonshire Water Company and the Welland and Nene Water Authority were absorbed into the Anglian Water Authority as building work on Rutland Water continued.

One of the factors affecting the construction was that the authorities had managed to buy the land very cheaply by today's standards, perhaps paying around £200 an acre. Because this is a very shallow bowl in the Gwash valley, rather more land was bought as a safety factor than might otherwise have been the case.

At the time, too, electricity was also relatively cheap. The rivers Nene and Welland, which are the primary sources for the reservoir, are up to 14 miles away and the cost of pumping water from the rivers was not a critical factor in the early 1970s. Nor were interest charges, which are now a considerable burden.

The effect of sharply rising electricity costs led the Anglian Water Authority to economise last year by pumping less water in the reservoir. In an attempt to bring down its power bill from £225,000 to £150,000, the authority reduced the level of the water by about 12 ft. only to run into criticism that this was a false economy. Eventually the authority had to do an about turn and replace some of the water.

However, the need to economise remains an overriding consideration and it is likely that the water level will be held this year some way below the maximum, especially as industrial needs have been reduced even more by the recession.

If there have been worries over costs the recreational side of the reservoir has grown enormously. The most important is fishing and the banks are filled with anglers hoping to emulate the man who recently caught a 9lb trout. The authority runs a fish farm and stocks the lake with 100,000 trout a year.

The authority does not keep figures of users but some 35,000 to 40,000 fishing tickets a year are issued, bringing in an income of £230,000.

There is also a sailing club with 800 boats and facilities for day sailors and picnickers who, together, contribute another £40,000. These sums depend to a very large extent on the weather. A fine Sunday afternoon can bring the Leicestershire day trippers in, a windy, overcast day will leave the area as deserted as Yarmouth sands in the rain.

One drawback is that there are few facilities for the occasional visitor beyond an ice-cream van, which perhaps makes it understandable that Rutland Water has not been promoted in any meaningful way.

For those who want to stay longer in some of the most beautiful countryside in England, there is one hotel at Upper Hambleton, which is on a peninsula within the lake, and there are others in the country towns of Oakham, Uppingham and Stamford.

But Rutland Water is never likely to become a holiday resort, like Windermere, and it will take a lot of further development before Rutland can hope to attract anything like the number of tourists who visit the Cotswolds.

In one way this is a pity because the copses and spinneys and stone-clad villages offer a view of England that can compare with more celebrated tourist areas. But if the local economy suffers from not receiving the sort of boost that tourism can bring, at least the environment is being protected from the sort of pressures which are slowly destroying other resorts such as the Peak District.

Beldale Flutter comes a cropper

RACING

BY DOMINIC WIGAN

BELDALE FLUTTER, the only colt to beat Shergar, yesterday gfialloped at full pace into Moorestyle, Europe's champion racehorse of last year, at the bottom of Newmarket's Long Hill Canter and flattened the Robert Armstrong sprinter.

Beldale Flutter suffered a five-inch knee wound but Moorestyle, apart from superficial scratches to a hock, was apparently all right.

Beldale Flutter will not be seen for "quite some time" according to Michael Jarvis. The three-year-old, rated a 6-1 chance to confirm his Doncaster superiority over Shergar, received almost immediate treatment to the off fore knee injury.

Robert Armstrong, who said he'd "known better mornings," immediately sent Moorestyle, who was awaiting his turn to work, to the equine research station where the champion was X-rayed.

Dick Hern's West Ilsley stable, virtually shut down since an outbreak of a virus was detected in late April, will, it seems, be represented in both the Derby and Oaks. One from their quartet of Boathouse, Humming, Grecian Sea and Applemint will definitely be in an Oaks line-up, which is likely to number less than 10.

Church Parade is expected to be in the Derby field following a satisfactory gallop on Wednesday.

Willie Carson, hoping to emulate Steve Donoghue's fate of three successive Derby victories, may have received news of Church Parade's probable participation with mixed feelings.

The champion jockey, who did so well to get Henbit home 12 months ago following a less inspired ride on Troy, has been looking forward to renewing his association with Sheer Grit.

Dick Hern's stable said Carson will not be released to ride Sheer Grit at Epsom if Church Parade is there to represent West Ilsley. Piggott's name is now being linked with Sheer Grit.

On the Oaks front, Blue Wind continues to attract virtually all the late ante-post business in the firm belief that Piggott will be in the saddle.

This run on the Irish filly has, ironically, followed hard on the heels of Dermot Weld's comment that "Blue Wind is still a possible for your Oaks but her hard race in the Irish 1,000 Guineas appears to have taken its toll on her."

KEMPTON

2.30—Crowning Moment*
3.00—Valvet Habit**
4.30—Neltino***

TV/Radio

BBC 1

6.40-7.55 am Open University (Ultra high frequency only). **12.45 pm** Trem. **1.12** Regional News for England (except London). **1.15** News. **1.30** Mr. Benn. **2.00** Show Jumping from Hickstead. **3.53** Regional News for England (except London). **3.55** Play School. **4.20** Captain Caveman. **4.30** Jigsaw. **4.55** Newsround Extra. **5.10** Rentaghost. **5.35** Paddington.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 Tom and Jerry.
7.10 It's A Knockout.
8.00 Des O'Connor Tonight.
8.50 Points of View.
9.00 News.
9.25 The Queen at the Jubilee Gala of English National Opera.
10.45 Public School (London and South East only).
11.15 News Headlines.
†**11.20** The Late Film: "Brute Force," starring Burt Lancaster.

All Regions as BBC1 except as follows:

Cymru/Wales — 10.55 am-1.05 pm Cricket: The Holts Products Trophy Match: Glamorgan v The Australians. 1.30-1.45 O Dan y Mor. 2.00-3.55 Cricket: Glamorgan v The Australians, plus Showjumping from Hickstead. 5.10 Gari Gylifer. 5.30-5.40 Plant y Gofod. 5.55-6.20 Wales Today. 7.10 Heddiw. 7.30-8.00 Eisteddfod yr Urdd. 10.45 Week in Week Out. 11.35 News for Wales. †11.36-1.20 am The Late Film: "One, Two, Three," starring James Cagney.

Scotland — 1.10-1.15 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.45 The Beechgrove Garden. 11.15-11.20 News for Scotland; National News.

Northern Ireland — 3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.45 Spotlight. 11.15-11.20 News for Northern Ireland, National News. 1.00 am News and Weather for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.45-11.15 East (Norwich) Weekend: Midlands (Birmingham) Weekly Echo; North (Leeds) Riding on Top of the Car; North East (Newcastle) Charged with a Musket; North West (Manchester) Home Ground; South (Southampton) Polished Brass; South West (Plymouth) Newswatch; West (Bristol) Public Life.

BBC 2

6.40-7.55 am Open University.
11.00 Play School.
4.50 pm Open University.
6.55 Junior Pot Black.
7.40 Mid-Evening News.
7.50 Impressions.
8.00 Gardeners' World.
8.25 The Price of Peace.
9.00 Call My Bluff.
9.30 Dave Allen.
10.25 Spirits of an Amber Past.
10.45 Newsnight.
11.30 A World of Jazz.
†**11.55** The Outer Limits.

BBC2 Scotland only: 10.00-11.00 am, 11.25-12.30 pm and 2.30-4.15 Conference 81: coverage of the Scottish National Party Annual Conference from Aberdeen.

LONDON

9.30 am Job Hunt. **10.10** Get The Picture. **10.55** The Outsiders. **11.45** Cartoon Time. **12.00** The Magic Ball. **12.10 pm** Once Upon A Time. **12.30** Supersavers. **1.00** News, plus FT Index. **1.20** Thames News. **1.30** Take The High Road. **2.00** After Noon Plus. **2.25** Golf: The Dunlop Masters. **4.15** Aubrey. **4.20** The Adventures of Black Beauty. **4.45** Get It Together. **5.15** Clapperboard.

5.45 News.
6.00 Thames News.
6.30 Thames Sport.
7.00 Sale of The Century.
7.30 The Incredible Hulk.
8.30 The Other 'Arf.
9.00 The Professionals.
10.00 News.
10.30 Till Death . . . starring Warren Mitchell and Dandy Nichols.
11.00 The London Programme: Youth Unemployment—The Seeds of Catastrophe.
11.35 Golf: Dunlop Masters.
12.05 am The Electric Theatre Show.
12.30 Close: Personal Choice with Lord March.

All IBA Regions as London except at the following times:

ANGLIA

10.10 am Tarzan. 11.00 Friends of My Friends. 11.25 The New Fred and Barney Show. 11.50 The Bubblies. 1.20 pm Anglia News. 2.00 Houseparty. 4.15 Cartoon. 4.20 The Adventures of Black Beauty. 6.00 About Anglia. 7.30 Vegas. 10.30 WKRP in Cincinnati. 11.00 Members Only. 12.00 Friday Late Film: "Twilight People." 1.30 am Your Choice.

ATV

10.10 am Bailey's Bird. 10.35 Two films from Canada to mark the Canadian Government's Canada in Birmingham festival. 1.20 pm ATV News. 6.00 ATV Today. 7.30 Vegas. 10.30 WKRP in Cincinnati. 11.00 ATV News. †11.05 The Gunfighters: "The Moonlighter." 12.35 am Golf (Dunlop Masters).

BORDER

10.10 am Stingray. 10.35 Ride to a Spanish Virgin. 11.10 Tarzan. 1.20 pm Border News. 6.00 Lookaround Friday. 6.30 Out of Town. 7.30 Vegas. 10.30 Birdman in Border Country. 11.00 Golf (Dunlop Masters). 11.30 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News. What's On Where. 6.00 Channel Report. 6.30 What's On Where. 6.35 Brown Study. 7.30 Vegas. 10.28 Channel Late News. 10.34 Superstar Profile. 11.00 Golf Highlights (Dunlop Masters). 11.30 Lou Grant. 12.25 am News and Weather in French.

GRAMPIAN

9.25 am First Thing. 10.10 Larry the Lamb in Toytown. 10.40 Spiderman. 11.10 Chopper Squad. 11.50 Cartoon Time. 1.20 pm North News. 4.15 Road Runner. 6.00 North Tonight. 6.30 Benson. 7.30 Vegas. 10.30 Points North. 11.30 Police Surgeon. 12.00 Dunlop Masters. 12.30 am News Headlines.

GRANADA

10.10 am Cartoon. 10.15 Chopper Squad. 11.00 Sesame Street. 1.20 pm Granada Reports. 2.00 Live From Two. 6.00 Granada Reports. 6.30 Doctor Down Under. 7.30 Vegas. 10.30 Soap. 11.00 Golf. 11.30 After All This, That. 11.40 For Adults Only: Natalie Wood in "Bob, Carol, Ted and Alice."

HTV

10.10 am Survival. 10.35 Beachcombers. 11.00 Sesame Street. 1.20 pm HTV News. 2.00 Houseparty. 6.00 Report West. 6.30 Welcome Back Kotter. 7.30 Vegas. 10.28 HTV News. 10.35 Forever Imber. 11.05 Golf Highlights. 11.35 Soap.

HTV Cymru/Wales—As HTV West except: 12.00-12.10 pm Fialabalam. 4.15-4.45 Does Unman Yn Debig Ddaear. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Eisteddfod Genedlaethol Yr Urdd.

SCOTTISH

10.10 am The Malaysian Village. 10.25 Killer Whale. 10.50 Rembrandt—Painter of Man. 11.10 Wilderness Alive. 1.20 pm News Headlines and Road Report. 1.30 In Loving Memory. 5.15 Emmerdale Farm. 6.00 Scotland Today. 6.30 WKRP in Cincinnati. 7.30 BJ and the Bear. 10.30 Ways and Means. 11.00 Late Call. 11.35 Paris.

SOUTHERN

†10.10 am "Yangtse Incident," starring Richard Todd. 1.20 pm Southern News. 2.00 Houseparty. 5.15 Mr. and Mrs. 6.00 Day By Day. 6.00 Scene South-East (South-East Area only). 6.30 Survival. 7.30 Return of the Saint. 10.35 The Barry Westwood Talkabout. 11.20 Soap. 11.50 Golf (Dunlop Masters).

TYNE TEES

9.20 am The Good Word. 9.25 North-East News. 10.10 Music Special (The Pasadena Roof Orchestra). 11.00 Thunderbirds. 11.50 Cartoon Time. 1.20 pm North-East News and Lookaround. 6.00 North-East News. 6.02 Sportstime. 6.30 Northern Life. 7.30 Vegas. 10.30 North-East News. 10.32 Friday Live. 12.00 Golf (Dunlop Masters). 12.30 am Countryside Christian.

ULSTER

11.00 am Magilla Gorilla. 11.10 Chopper Squad. 1.20 pm Lunchtime. 4.13 Ulster News. 6.00 Good Evening Ulster. 7.30 Vegas. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.00 Golf (Dunlop Masters highlights). 11.30 Bedtime.

WESTWARD

10.10 am Sesame Street. 11.10 Bailey's Bird. 11.35 Target The Impossible. 12.27 pm Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 6.00 Westward Diary. 7.30 Vegas. 10.31 Westward Late News. 10.34 Superstar Profile. 11.00 Golf Highlights. 11.30 Lou Grant. 12.25 am Faith for Life. 12.30 West Country Weather and Shipping Forecast.

YORKSHIRE

10.10 am World Fairy Tales. †10.25 Hopalong Cassidy. 11.30 Wild, Wild World of Animals. 11.55 The Undersea Adventures of Captain Nemo. 1.20 pm Calendar News. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Summer Sport. 7.30 Hawaii Five-O. 10.30 Benson. 11.00 Golf. 11.30 Lou Grant.

(S) Stereophonic broadcast
‡ Medium Wave

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Paul Burnett. 2.30 Dave Lee Travis. 4.30 Steve Wright. 5.30 Newsbeat. 5.45 Roundtable. 7.30 Anne Nightingale. 10.00-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am Ray Moore (S). 7.30 David Hamilton (S). 10.00 Colin Berry (S). 12.00 John Dunn (S). 2.00 pm The Ed Stewart Show (S). 4.00 Steve Jones (S). 5.45 News and Sport. 6.00 David Symonds with Much More Music (S). 8.00 Sequence Time at the Radio 2 Ballroom (S). 8.45 Friday Night Is Music Night (S). 9.55 Sports Desk. 10.00 The Grumbleweeds. 10.30 Fiesta! 11.00 Brian Matthew with Round Midnight. 1.00 am Truckers' Hour with Sheila Tracy (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Schubert (S). 10.00 Dance Music For Two Pianos (S). 10.35 Brahms Quartet in B flat Op. 67 (S). 11.15 Georgian Songs (S). 12.10 pm BBC Northern Symphony Orchestra Concert: part 1 (S). 1.00 News. 1.05 Concert: part 2 (S). 1.55 Maggie From Mayo. 2.30 Emanuel Ax piano recital (S). 4.00 Norgard and Lutoslawski recital (S). 4.55 News. 5.00 Mainly For Pleasure (S). 6.55 Play It Again (S). 7.00 Mendelssohn (S). 7.30 Workers and Peasants Against Communist Rule (talk by Leonard Schapiro). 8.00 Bath Festival Concert, part 1 (S). 8.45 The Great Prayer. 9.05 Bath Festival Concert, part 2 (S). 9.50 A Familiar Tree. 11.00 News. 11.05-11.15 Schubert (S).

VHF only—Open University: 5.55-6.55 am and 11.15 pm-12.55 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day, 7.00, 8.00 Today's News, 7.30, 8.30 News Headlines, 7.45 Thought for the Day. 8.45 "Wakefield" (short story by Nathaniel Hawthorne). 8.58 Continental Travel Information. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 Special Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 The Legion is my Country. 11.50 Bird of the Week. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Down the Garden Path 4.15 Drama up to Now: 4.45 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News including Financial Report. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S) 8.10 Profile. 8.30 Any Questions? 9.15 Letter from America by Alistair Cooke. 9.30 Kaleidoscope 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 The Archive Auction. 11.45 Friday Treat. 12.00 News.

BBC Radio London

5.00 am As Radio 2. 6.30 Rush Hour. 9.03 Morning Star. 10.03 The Robbie Vincent Telephone Programme. 12.30 pm London News Desk. 12.40 The Total Music Show. 2.30 Tony Blackburn. 5.00 News. 5.15 Music on the Move. 6.33 This Week. 7.03 Black Londoners. 8.00 As Radio 1. 10.00-5.00 am Join Radio 2.

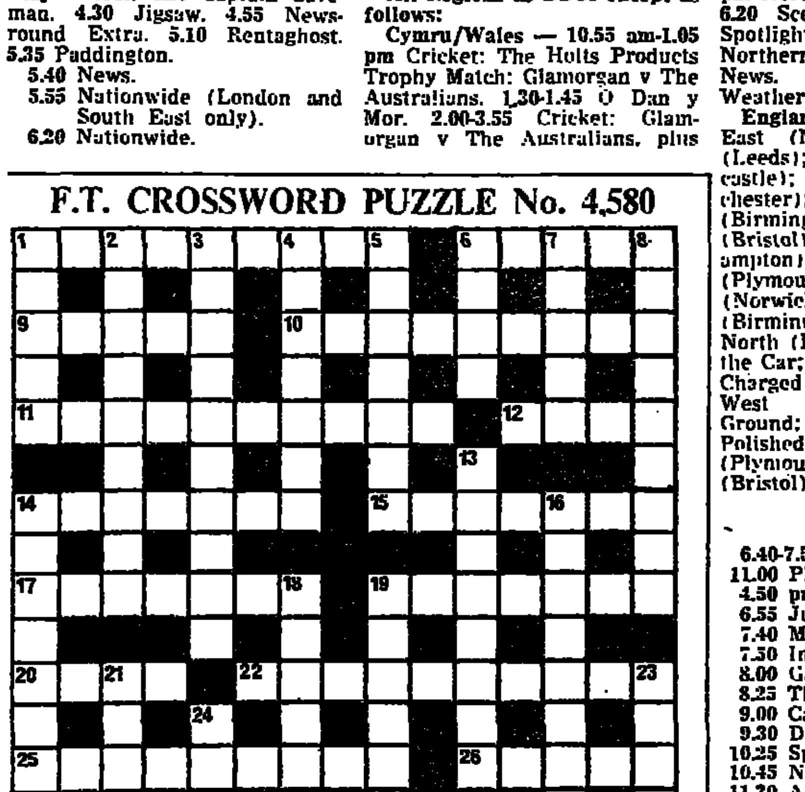
London Broadcasting

5.00 am AM—Douglas Moffitt and Douglas Cameron. 10.00 Brian Hayes. 12.00 LBC Reports. 7.00 pm London Life. 9.00 Mike Dickin's Nightline. 12.00 LBC Reports Midnight. 12.30 am Decision Makers. 1.00 am Night Extra. 4.00 London Rules. 4.30 City Week. 5.00 Morning Music.

Capital Radio

7.00 am Mike Smith's Breakfast Show. 10.00 Michael Aspel. 12.30 pm Mike Allen. 1.00 First Report. 1.10 Mike Allen (continued). 3.00 Roger Scott. 6.30 London Tonight. 8.30 Nicky Horne. 10.30 Greg Edwards. 12.00 Midnight Special.

F.T. CROSSWORD PUZZLE No. 4,580



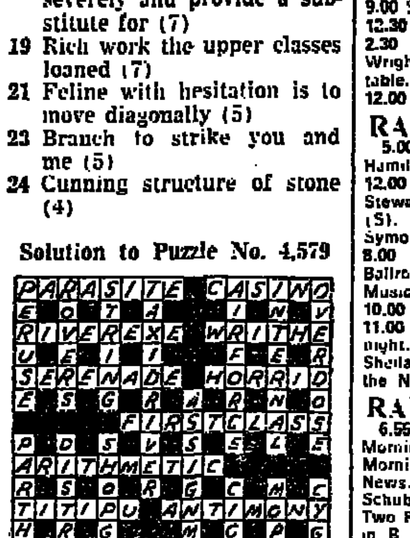
ACROSS

1 Studies with coach to moderate (9)
6 Shoot a young person (5)
9 Sailors about to hail a bird (5)
10 Term of endearment to hairdresser in a bewildering maze of rooms (9)
11 Think it may be intentional (10)
12 Restore after marking for deletion in best etiquette (4)
14 To agree completely (7)
15 Make an outline of professional tool (7)
17 One who deceives an animal we hear (7)
19 No freak conversion in plant (3-4)
20 Move slowly from island (4)
22 Neat drink? (6-4)
25 Bury dial in common boundary (9)
26 Article in child's carriage or boat (5)
27 Large candle from church behind hill (5)
28 Admit it is internally painful (9)

DOWN

1 Smoked, but has been broken of the habit (5)
2 Love tenet reproduced in penny dreadful (9)
3 Capableness to defend "X" with strength (10)
4 Wandering around top of hill and could be the recipient of butts (3-4)
5 Uninterruptedly making no French pause (3-4)
6 A sore point coming in front of viewer (4)
7 Put pole in basal part and go to sleep for the night (5)
8 Proceed through an intermediary (2-7)
13 Accountant who may be in debt at the library (10)
14 Painter with feeling and diplomacy I like (9)
16 In a gentle setting but without refinement (9)
18 Salesman to reprimand severely and provide a substitute for (7)
19 Rich work the upper classes loaned (7)
21 Feline with hesitation is to move diagonally (5)
23 Branch to strike you and me (5)
24 Cunning structure of stone (4)

Solution to Puzzle No. 4,579



ENTERTAINMENT GUIDE

OPERA & BALLET

COLISEUM. S 836 3161. CC 240 5258. ENGLISH NATIONAL OPERA. Last Two Perfs. Tonight 7.30: ANNA KARENINA. Tomor. 8.00: SALOME. 104 balcony

SADLER'S WELLS THEATRE EC1. Tel. 01-837 1672-1673-3856. Credit Cards 10am to 6pm 01-278 0871. Group Sales Box Office 01-379 6061. Tonight & Tomor. Last Two Perfs. Sadler's Wells Own Production of HANSEL & GRETEL by Humperdinck. Evs 7.30 with Karen Shelby. Laureen Livingstone. Joan Clarkson. Norman Welsby. Patricia Cope. Tkts £2 to £9.
June 2 to 6 GUILDHALL OPERA.

THEATRES

KING'S HEAD. 226 1916. Ends Tomor! Dnr 7. Show 8. HANK WILLIAMS—THE SHOW HE NEVER GAVE.

ST. MARTIN'S. CC 836 1443. Evgs. 8.0. Tuesday 2.45. Saturday 5.0 and 8.0. Agatha Christie's THE MOUSETRAP. World's longest-ever run. 29th Year.

ADELPHI. S. CC. 01-836 7611. Evs. 7.30. Sat. 4.00 & 7.45. Mats. Thurs. 3.00. JILL MARTIN, PETER BAYLISS and ANNA NEAGLE in MY FAIR LADY. Tony Britton returns June 4. Now booking through to October. For Group bookings telephone 01-836 7358 or 01-379 6061.

ALBERY. 01-836 3878. CC bkgs. 379 6565. Grp. bkgs. 836 3962 or 379 6061. Evs. 8.00. Thurs. Mat. 3.0. Stalls from £2.90. Sat. 5.00 and 8.15. Sian Phillips. Denis Lawson (Most Promising new Actor DRAMA AWARD 1980). Rodgers and Hart's musical PAL JOEY.

ALDWYCH. S 836 6404. CC 379 6233. (10-6. Sats 10-4). Info 836 5332. ROYAL SHAKESPEARE COMPANY NICHOLAS NICKLEBY. Today Part 1 2.00. Part 2 7.00. Few day seats and returns avail. Special announcement. Tickets now on sale for extra perfs of NICHOLAS NICKLEBY. Part 1 June 11. Part 2 June 12. If booking by post please mark envelope NICKLEBY—But seats avail. for Beaumont's KNIGHT OF THE BURNING PESTLE (next perf tomor 7.30). Prestel 22023. Group Sales 379 6061. RSC also at The Warehouse Piccadilly.

ARTS THEATRE. 01-836 2132. Bold, Brash & Bawdy. Mr. George Binmore's CELEBRATED MUSIC HALL. Tues.-Thurs 8. Fri & Sat 6.15 & 8.45. Tkts £2.50.

AMBASSADORS. S. CC. 836 1171. Evs. 8.00. Tues. Mat. 3.0. Sat. 5.30 and 8.30. RECORD BREAKING RUN of J. B. PRIESTLEY'S Mystery Play DANGEROUS CORNER. Acclaimed revival of Priestley's most popular play. Seat prices from £3.00.

APOLLO. Shaftesbury Ave. CC. S. 437 2663. Evenings 8.15. Fri. & Sat. 6 & 8.45. DIANE LANGTON. BEN CROSS I'M GETTING MY ACT TOGETHER AND TAKING IT ON THE ROAD. Students, OAPs. Women's Groups half price. Best mat. seats available at £4.00. ENDS SATURDAY.

APOLLO. Shaftesbury Ave. CC 437 2663. OPENS JUNE 10 at 7.00 FOR 3 WEEKS ONLY. CLIVE JAMES. PAMELA STEPHENSON. RUSSELL DAVIES in CHARLES CHARMING'S CHALLENGES. An epic with 1 000 voices. RED. PRICES PREVIEW JUNE 9 at 8.00.

CAMBRIDGE. Earlham St., WC2. 01-836 6056-836 7040. Credit Card bkgs. 839 4682. 839 7516. 839 4855. 836 7040 (9.30-6.00. Sat. 9.30-4.30). Group bookings only 839 3092. WELCOME BACK FOR A LIMITED SEASON THE EVER-POPULAR AFRICAN MUSICAL IPI-TOMBI. Evenings 8.0. Fri & Sat 6.0 & 8.45. Prices from £2.50-£6.50.

CHICHESTER Festival Theatre. 0243 781312. Season sponsored by Martini & Rossi Ltd. CLAIRE BLOOM in THE CHERRY ORCHARD. Ton't 7.0. Tomor 2.30 & 7.0.

COMEDY THEATRE. S. CC 01-930 3578. Panton St. SW1. BOX OFFICE OPEN. The Award Winning Musical Hit BILLY BISHOP GOES TO WAR. Previewing from Today. OPENS JUNE 3rd at 7. Subs. evgs. 8.0. Sats 5.30 & 8.30.

CRITERION. S 930 3216. CC 379 6565. Grp. bkgs. 379 6061 or 836 3962. LAST 3 PERFORMANCES! Ton't 8.0. Tomor 6.0 & 8.45. MARTIN CONNOR, DAVID DELVE, TRICIA GEORGE, PETER REEVES deliver the songs and words of TOM LEHRER with huge polish and glee in TOMFOOLERY a satirical musical revue. From Tues HANK WILLIAMS—THE SHOW HE NEVER GAVE.

DRURY LANE. Theatre Royal. Tel. 836 8108. THE BEST LITTLE WHOREHOUSE IN TEXAS. Evgs Mon. to Thur. 8.0. Fri. and Sat. 5.30 and 8.30. Group sales Box Office 379 6061.

DUCHESS. CC. 01-836 8243. Evenings 8.0. Mats. Wed. 3.00. Sats. 5.30 and 8.30. FRANCIS MATTHEWS. GEORGE SEWELL and LYNETTE DAVIES in THE BUSINESS OF MURDER.

DUKE OF YORK'S. S. 836 5122. Credit Cards 379 6565. 836 9837. 839 4682. Group bookings 836 3962. 379 6061. Evgs. 8.0. Sat. 5.0 and 8.30. Stalls and Circle from £2.90. FRANCES DE LA TOUR. ACTRESS OF THE YEAR Swet Awards '80. BEST ACTRESS New Standard Drama Awards '80. BEST PERFORMANCE BY AN ACTRESS 1980 Drama Awards and DAVID DE KEYSER BEST SUPPORTING ACTOR Drama Awards of the year 1980 in TOM KEMPINSKI'S DUET FOR ONE.

GARRICK. S. CC. Box Off. tel. 836 4601. MIKE LEIGH'S SMASH HIT GOOSE PIMPLES. MON.-SAT. 8.00 pm. SAT. MAT. 3.00 pm. Group sales 379 6061.

GREENWICH THEATRE. S CC 858 7755. Evenings 8.0. Mat. Sats. 2.30. Last Week. ROY HUDD & BILLY DAINTY in JUST A VERSE AND CHORUS. From June 3 Shaw's THE DOCTOR'S DILEMMA.

HAYMARKET THEATRE ROYAL. 930 9832. DEBORAH KERR. IAN CARMICHAEL in OVERHEARD. A new play by PETER USTINOV. Evgs. Mon.-Sat. 8.00 pm. Mats. Wed. at 2.30. Sat. at 4.30.

HER MAJESTY'S. 930 6606-7. CC 930 4025-6. From 27 June. Now booking. FRANK FINLAY in the National Theatre's multi-award winning production of AMADEUS by PETER SHAFFER. Directed by PETER HALL.

ROYAL COURT THEATRE UPSTAIRS. 730 2554. I CAN GIVE YOU A GOOD TIME by Gilly Frasers. Last Two Perfs. Ton't & Tomor 7.30.

SAVOY. CC. 01-836 8888. For Credit Card Bookings Ring 839 4855-4682-7516. 9.30-6.00. Sat. 9.30-4.30. Evgs. 8.00. Mats. Thurs. 3.00. Sat. 6.00 and 8.45. SUSAN HAMPSHIRE. GERALD HARPER in FRANCIS DURBRIDGE'S New Thriller HOUSE GUEST with PHILIP STONE.

SHAFTESBURY. CC. Shaftesbury Ave., WC2. Box Office 836 6596 or 836 4255. Credit cards bkgs 839 7516. 839 4682. 839 4855 (9.30-6.0. Sats. 9.30-4.30). Group bookings only 01-839 3092. TOM CONTI and GEMMA CRAVEN THEY'RE PLAYING OUR SONG. Prices Stalls. Royal Circle £8.00. £6.50. £5.00. Circle £3.50. £2.50. OAP's £4.00 (Wed. Mats. only best seats. Students standby £4.00). Evgs. 8.0. Matinees Wed. 3.0. Sats. 5.0 and 8.30.

THEATRES

CINEMAS

STUDIO 4. Oxford Circus. 437 3300. Lic'd bar. SUPERMAN II (A). Sep. perfs. dly. 2.15. 5.15. 8.15. Late show Fri. and Sat. 11.15. Seats bkble.

CLUBS

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189, Regent St. 734 0557.

GARGOYLE. 69, Dean Street, London, W1. NEW EROTIC FLOORSHOW "CLOSE ENCOUNTERS" 11-3.30 am. Shows at Midnight and 1 am. Mon.-Fri. Closed Saturdays. 01-437 6455.

FINANCIAL TIMES

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Faith Esham and Isobel Buchanan

Glyndebourne

Le Nozze di Figaro

by MAX LOPPERT

Peter Hall's great series of Mozart productions at Glyndebourne set off in 1973 with a *Figaro* of startling originality, for many of us(even those with favourite experiences of the opera distinct in the memory) a revelation. Its originality consisted, contradictorily, in rigorously cleaving to the text, in prising loose all the decorative fancies, the twirls and twiddles of race, to which *Figaro* producers are so often prone (not always, as it happens, unrewardingly). The opera, then and in the seasons of 1974 and 1976, was rendered proportionately funnier for each new twist of pathos and pain; the sublime Mozartian paradox was elucidated with rare and comprehensive subtlety.

This year, the festival opened its doors with a revival of that *Figaro*. The omens for Wednesday's performance were good. Sir Peter had returned to undertake its rehearsal himself; the cast looked promising; and word was that Act 4, always the least satisfying part of John Bury's solid and coolly distinguished designs, had been refashioned. The experience was not quite the sum of those promises. Though the evening intermittently found the gleam on the ensemble peculiar to the opera at Glyndebourne (and worthy of a performance dedicated before curtain rise to Carl Ebert's memory), some of the startling and wholly fruitful plainness seems to have been sacrificed. Most noticeably, there is more posturing, more falling to the floor and nipping to the front of the stage, than remembered—the tone is now occasionally waggish, certainly less consistent.

Illuminations, *aperçus*, still abound. In the great Act 2 ensemble, each new incident was accrued with an inimitable lack of clutter. The Count and Countess not only win but occasion moments of mirth more numerous than usual. But one had the feeling that as yet (and of course this may change during the season) these people don't all absolutely belong to the same *Figaro*, to the same fraught nexus of loving relationships. There were some remarkable individual characterisations, in smaller parts as well as large (Bernard Dickerson's Basilio, Deborah Rees' Barbarina, Artur Korn's magisterial Bartolo must be mentioned; Nucci Condò repeats her warm-hearted Marcellina, though neither she nor John Fryatt as Basilio proved fully up to the hard task of justifying their fourth-act arias). Yet the central focus came and went. The new last-act setting slightly misses its chance—for architectural reasons, a hint of diversions on the patio is not entirely avoided (and the scene was not always accurately lit).

There *are* some remarkable characterisations, and Norma Burrowes, one of the sweetest and most naturally touching Susannas I can remember, deliciously true of voice, is the most remarkable of them. (She looks less pretty than usual, surely a fault of costume and makeup.) Figaro, in the robustly Mediterranean form and tone of Alberto Rinaldi, is already admirable—how his recitatives crackle!—and will become even more so when the line is more suavely controlled. Each new experience of the opera draws from the spectator a new kind of identification; this time I cared most about the safe passage of the servant couple through the storms of the *folle journée;* for they are well matched, and lovable.

I cared, too, about Cherubino — less for Faith Esham's well-schooled but passingly clouded delivery of the music than for the notes of heartfelt anxiety she sounds in unexpected places; for once, banishment to the Count's regiment is not entirely a laughing matter. I cared less than I hoped to about the Almavivas. Richard Stilwell, whose tall, handsome figure and lithe, fine-grained baritone would seem to predicate an ideal Count, was looser, less muscular in attack than the most complex and interesting character of the opera demands (his *mezza voce* is passing through a dry phase). And the richly talented Isobel Buchanan, full of spunk and flash, showed herself yet again less than ready for a major Mozart role in this house; the second aria, though she joined sections with a beautifully apt cadenza, caused the listener some uncomfortable moments.

The conductor of the first series — a complete reshuffle of the pack, cast and conductor, followers in July—is the Israeli Eliahu Inbal, making his British operatic debut. As a concert conductor Mr Inbal's expertise is already widely attested; every bar bore out the lucidity of his ear, the vigour and clarity of his command over the London Philharmonic. Textures were well ventilated by the woodwind; details were insistently seized upon and presented. It was hard to recall an instant where music smiled; and, in a sudden *decelerando* for the Countess' surprise final entrance, the effect of relaxation after so much of the opposite was to court sentimentality.

Cottesloe

Serjeant Musgrave's Dance

A recruiting officer and three colleagues arrive in a northern colliery town in the 1880s. Black Jack Musgrave is engaged on a private mission of revenge: a young soldier from this very town was shot in the back during a street fight in a British protectorate. The town is asked not for cannon fodder, but for a contribution to . Musgrave's strangely pacifist mission. How this ocurs is one of the play's great surprises in a thrillingly knotted narrative played out in scenes of astonishing economy and vigour. The social background is one of pit closures, rising unemployment and impending riots.

John Arden's play emptied the Royal Court in 1959 before becoming a modern classic. Schoolchildren study it for O-Level. One can see why. The writing is quotably good, the ballads and songs slightly less good but bearable on grounds of folksiness, the compilations of incident and character Shakespearian after the manner of *Henry IV, Part 2*. Here is a stage full of soldiers, colliers, barmaids, dignitaries and even a licensed jester. The play rolls on, gathering in both force and complexity until Musgrave turns a weapon training address into an impassioned and dangerous expression of his inner thoughts and obsessions.

John Burgess's Cottesloe production is simply staged in front of a white cyclorama. It is, on the whole, a clear and satisfying account of the play. Where it misfires is in the handling of the ballads and explosive stage action. The dance itself, for instance, although John Thaw's Musgrave has managed all the transitions with glowering competence, is ruined by a messy drum roll. The singing varies from the generally good to the particularly bad, even disastrous, chanting by Peter Sproule of the final song. The clog dance in the suddenly enlivened pub and the townspeople's delighted closing of ranks after the dragoons arrive to restore order are the sort of set-pieces one can imagine the old Cottesloe "Sensurround" company delivering with conviction; here, the production just misses the required confidence

That said, the play should be seen, not only for itself, but also for the performances of John Thaw, Elizabeth Estensen as a resiliently melancholic friend to the soldiers, Ron Pember as a hunched bargee with privileges of the unmuzzled intermediary, and Ewan Stewart and Patrick Drury as the young sparks mistakenly hanging on to Musgrave's red coat tails.

MICHAEL COVENEY

Festival Hall

Berlin Philharmonic by DAVID MURRAY

On Wednesday Herbert von Karajan brought his Berlin Philharmonic Orchestra to the South Bank. They played only Bruckner's Symphony No. 5 in B-flat magnificently, of course; whether it constituted £25 worth of concert is for those who filled the stalls to say, but at least the reseponse of the audience was generous. And what continued to ring in one's ears on the way home was not merely the immaculate Berlin sound, but Karajan's infinitely practised realisation of the Symphony.

It was not an account that offered revelations, exactly (except of sheer orchestral prowess); the Fifth Symphony is monumentally explicit, and Karajan did not strike out for visionary depths. He made the Adagio particularly forthright, even didactic, though any risk of chill was warded off by the luminous delicycy of the playing (and an eloquent first oboe). One expected the Scherzo to be more aggressive than in fact it proved; it wanted nothing in energy, but Karajan assigned it the gentlest tints, taking advantage of the unique fluidity of the Berlin string-attack. He prefers to have violas at right of front, with his superb cellos holding the speaking centre—an arrangement justified decisively by audible resutls.

The outer movements were aggressive in impact, though grandly assured. Karajan chose not only to reinforce the brass section to the point where in fortissimo they presented a glaring wall of sound, but doubled the timpoani: watching the second player precisely duplicating his partner's efforts was fascinating, but the massive noise tended to flatten a whole level of the orchestral music.

Cinema

Tweety Pie to the rescue by GEOFF BROWN

The Fan (X) Plaza 2
The Antagonists (X) ABC Shaftesbury Avenue
Friz Frelang season National Film Theatre
Summer in the City National Film Theatre

With Monday knocked out of the film critic's dairy for the greater pleasure of watching *You Can't Take It With You* on television or the rain beating down outside, official Press shows have been thin on the ground this week. Hence, no doubt, the emergence of *The Antagonists*—an extraordinary piece of hokum sliced from one of American television's proliferating mini-series, with Peter O'Toole parading in the togs though not the lingo of Ancient Rome, barking rhetorical questions like "This is Pomponius Falco I'm talking to?" But more of this later; for the moment, consider *The Fan*—one of those annoying films that let their interesting possibilities wilt away through lack of sufficient loving care.

The film's basic premise is horribly up-to-date and should guarantee an eager audience. Famous theatrical actress Sally Ross (well played by Lauren Bacall) receives letters whose forms of address proceed from "Dear Miss Ross" to "My darling" and "Dearest bitch," after which her unhinged admirer (Michael Biehn, suitably boyish) abandons correspondence altogether in favour of brandishing a razor. Fan and idol meet face to face after the triumphant first night of Miss Ross' first musical, *Never Say Never* (is there ever a make-believe play with a believable title?). By rights we should be gnawing our nails here, wondering if the lady has taken her final bow. Sadly, the film's director, Edward Bianchi, displays such a perverse gift for dissipating tension that the finale only works on the level of ludicrous melodrama. Throughout, scenes of violence are laboriously signposted by a prowling camera observing the fan's first victims (the star's domestic staff) in dangerous isolation. The scriptwriters substantially add to the film's problems by making their villain a cipher rather than a character, offering the briefest suggestion of childhood fantasies gone beyond control to explain his behaviour. For the film, and the fan, to deeply affect us, we need much more than this.

We do, however, get Lauren Bacall, perfectly cast as the actress whose aura and past history is potent enough to drive people to distratcion. Even if the musical she appear in seems a phony concoction, she herself is absolutely real, displaying in the all too brief rehearsal scenes the same winning gusto that captivated Brodway auriences ten years ago in *Applause*, her own, real, musical debut. The film also boasts the agreeable James Garner, released from television's *The Rockford Files*, who plays the heroine's former husband, now involved with a girl so young that Sally bitterly dubs her "Little Red Riding Hood." But this triangular relationship is so faintly drawn that it is hardly visible. For all its points of interest, *The Fan* is finally disfigured by its makers' unseemly urge to leap over the human beings they have tentatively created to reach the razor, the blood, and the "X" certificate.

Now for the really bad one. An appalling script, dull action scenes, unsubtle performances *The Antagonists* has all the things one can do without in an epic adventure of ancient times. If only things could be said about it! So many British actors pop up amongst the Roman army, striving to subdue the defiant Jews gathered on the mountain fortress of Masada in the first century A.D. There's David Warner, Denis Quilley, Anthonies Valentine and Quayle; there's even Timothy West, O'Toole's own antagonist at last year's Battle of *Macbeth* at the Old Vic. The film also appears in London days after its director, Boris Sagal, died in an accident on location for another television project. For the big screen his best film was certainly *The Omega Man*, a flawed but involving adaptation of Richard Matheson's story "I Am Legend." For television he provided quirky features and glossy rubbish like *The Moneychangers* and *Rich Man Poor Man*, made with the kind of panache that guarantees guilty enjoyment. *The Antagonists*, unfortunately, guarantees boredom.

*

Don't be alarmed if you walk over Waterloo Bridge next week and hear horrified shouts of "Oh no!", umpteen explosions of TNT and cascades of flying debris: it will only be the National Film Theatre's short season of cartoons by Friz Freleng (from Monday) and you are well advised to step below and investigate. Freleng was a mainstay of Warner Brothers' cartoon unit for 30 years, with particular responsibility for the fretful duo Tweety Pie and Sylvester and that epitome of useless aggression Yosemite Sa (immensely small, imensely red, with a vast oustache and a vaster voice). His work may iss the lunatic fury of fellow Hollywood cartoonists like Tex Avery and Robert Clampett or the magisterial sophistication of Chuck Jones, but there's real skill in the way his cartoons combine boisterous fun with clean, controlled animation technique; some, like *Rhapsody in Rivets* and *Rhopsody Rabbit* in the first of the three programmes, show a particularly felicitous use of classical music. Seen on a large screen, and in such fine prints, one appreciates much more the visual design in these cartoons, which adds an extra edge to the comic battles between cat and bird, cat and mouse, and all the other lethal combinations. There is also the laconic, absurd dialogue to relish, every squawk of it uttered by Mel Blanc, the man with the world's weirdest larynx ("A fine thing," mutters that ignoble cat Sylvester after a drunken stork has delivered a baby mouse, "I've become the father of a breakfast!"). Above all, this Freleng retrospective pleasurably lays bare the simple rules of the cartoon game: in film after film the hunter's traps trap only the hunter, who takes his punishment with wonderful stoicism — when the grand piano descends, the gunpowder trail burns up or the cannon ball volleys, these doomed heroes just stand and wait for the inevitable.

Peter O'Toole and Barbara Carrera

The West German director Wim Wenders, the subject of another NFT season starting on Monday, needs much less trumpeting; most of the eight features he has completed since 1970 — such as *Alice in the Cities* and *The American Friend* —have been extensively covered by critics and screened at various art cinemas in Britain. The British Film Institute has provided more critical coverage in a dossier, available at £2.50, documenting in words the season's avowed aim to place Wenders in context. The words most written by Sheilla Johnston, are usually perceptive for publications of this sort, though the feeling persists that worthier figures with longer track records, exist to be set in context.

The season also throws up one interesting rarity, showing on Tuesday—Wenders' first feature, *Summer in the City*, once aptly described by the director as his longest short film. Here are Wenders' later preoccupations in fascinating embryo: the travelling man, shifting from car to plane, from phone booth to bar, from flat to flat in Munich and Berlin, accompanied on the sound track by large, nostalgic helpings of The Kinks, The Loving Spoonful and other late Sixties sounds. The film's technique is uncertain, but throughout the longueurs and bouts of static camerawork an air of attractive melancholy persists—for this "summer" takes place in darkest winter, with snow banked up on pavements and the holiday spirit nowhere in sight.

Tricycle

Show Trial

by B. A. YOUNG

Ed Berman's "show trial" of the Arts Council should have ended on its opening night on Tuesday—not because of any lack of interest, but because the first witness for the prosecution, John Elsom, desroyed the prosecution's case in the first half-hour. No case to answer. Well, not the first half-hour; that was confined to a comic parody of court procedure, but then the trial began.

How about external accountability? Mr. Elsom produced some misleading figures from annual reports, but agreed that on the whole external accountability was OK. Internal accountability? Well, the arts panels couldn't be managerial in function, but the officers could and sometimes did. How about policy? Policy was never dictatorial. The Council's guide to awards and schemes was fair.

Second witness, John Boyden, former manager of the London Symphony Orchestra, thought the council should direct more money into building concert-halls, so that more could hear Stockhausen. After that, the debate moved into a more popular field, with a contest between two jazz pianists that proved nothing to me except that jazz pianists haven't advanced much beyond Arthur Schutt and Lennie Hayton of the 1920s. This was followed by a performance by poet John Cobbing and two assistants, who made wordless sounds and danced about the stage a bit.

The star witness was Lord Jenkins of Putney, a former Arts Minister. He reckoned the council wasn't democratic enough, and wanted it reorganised on an electoral basis, starting in the regions; and he thought that council and panel meetings should be held in public. A proposal that the Ombudsman should be accessible to punters who reckoned them ,c punters who reckoned themselves hard done by didn't appeal to him.

The debate continues, nightly at 7.30 until June 6. It seems to me desirable that anyone with anything important to say, either for the Arts Council or against it, ought to *go and say it*. The trial might be better if Ed Berman didn't try to turn it into a comedy but let it proceed as a serious investigation. An investigation into the Arts Council can do no harm to anyone, least of all (as I see it) the Art Council.

Pitlochry

The Grouse Moor Image

by ANTHONY CURTIS

The title of William Douglas Home's play, given its world première in the new Pitlochry Festival Theatre, takes us back a bit. Wasn't "the grouse moor image" a phrase coined, several prime ministers ago, by Mr Heath to indicate something the Tories had to get away from? At any rate it has been resuscitated here to enlist our sympathy for an impoverished Scottish peer who simply cannot afford to maintain any longer his vast acres of grouse moor, to shoot on which is the joy of his life, his affirmation of his ancestry. So long as Jamie can bang away at the grouse during the season the world is not a wholly dreary place.

But how can the dear old fellow if he has hardly the lolly to pay for his cartridges let alone to pay his taxes? Clearly he is going to have to go into the stately home business like his showman brother-peers Montagu and Bath whom he rings up to find out the current market price of carnivores. While the notion of opening is flippantly mooted over the breakfast-table (not at all a bad spread on the chafing-dishes for such paupers) we begin to sense the glimmer of a plot like an intrusive hair disturbing the placidity of a dish of consommé.

The butler Upton, given a suitably gloomy mien by Louis Haslar, is called in and shakes his head at the plan. It won't do, even after his glass has been topped up by the pregnant daughter of the household (Emma Rogers) who is naturally married to an anti-blood sports hippy (Nicholas Coppin). Nor does the cigar-puffing Labour peer (Bill McCabe), whom the laird's sister (Moira Lamb) has married, approve. However it has to be, because there is no solution save that of opening the house to the public; and once Jamie and his nice American wife (Beverley Walding) have made the decision the rest of the family and servants give them their full support.

Nigel Dennis once handled this theme in a comedy, *August For The People*. He made his noble lord harangue and insult the members of the public when they came through the turnstiles. That trebled the attendance figures. Mr Douglas Home has his high-born family servilely parade themselves before the populace either taking tea or wearing fancy-dress in *tableaux vivants*, a welcome moment of hilarity. I will not reveal any more of the plot just in case the play moves on from Pitlochry and you find yourself watching it; willy nilly, as it were. Stanley Lloyd is suitably bland and eccentric as the grouse-besotted earl. Charles Bell directs.

'Amadeus' for West End

The National Theatre production of Peter Shaffer's *Amadeus* is to transfer from the South Bank to the West End, opening at Her Majesty's Theatre on July 2 (previews from June 27).

THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Hitching on to a mobile market

Arnold Kransdorff on a front-runner in the caravan industry

Terry Reed (above) believes that the Government should introduce an MOT test to ensure the roadworthiness of all touring caravans. Apart from improving road safety, this one single move could, he believes, transform the current dismal outlook for the UK caravan industry. Reed's suggestion has the backing of all caravan manufacturers through their representative body, the National Caravan Council; such a policy would have the effect of reducing the demand for second-hand units in favour of new caravans. The NCC has been lobbying the Government about this for the last two years—so far with no success.

FOR A man whose company's products dominate the UK market Terry Reed keeps a remarkably low profile — a state of affairs of which he is fully aware.

The problem, as he sees it, is that although his preference shares have a Stock Exchange listing, his company — unlike his major competitors — is not publicly quoted. As a result he, his company and his products receive less public exposure and take an automatic back seat.

This is not to suggest that Reed is averse to public stewardship, or the advantages that emanate from it. Far from it. In 1973 he was all set for a public flotation but on the day when his company's ordinary share price was due to be fixed, the Stock Market collapsed and Messels, his brokers, advised that the offer for sale be put on ice.

Since then the rating of his industry—caravan manufacture—has plummeted and Reed sees little point in pursuing a Stock Exchange quotation at the present time.

What rankles him is that he has consistently outperformed others in the industry, yet he would undoubtedly be tarred with the same brush as used on his better-known competitors, most of whom have been turning in losses.

Reed is chairman and major shareholder of Ace Belmont International. He has been making caravans all his life, first for Astral, a former market leader which has just gone out of business, and then, since 1962, for himself.

His first caravan was produced from his garage. Ten years later he merged his company, Ace Caravans, with Belmont Caravans and then a year later acquired Elddis Caravans (Consett). Today, ABI makes around 11,500 units a year.

Reed's business is currently going through one of its most difficult patches, yet, ironically, it is closely allied to the booming leisure industry and is not plagued by import competition. While demand for caravan holidays continues to increase, the slump in consumer spending has led to an active second-hand market operating at the expense of the manufacturers.

This is clearly illustrated by statistics from the Caravan Club of Great Britain and the National Caravan Council, which represents the industry's interests.

In 1970 the Caravan Club had a mere 87,000 members. Today membership is 235,000 and it is opening new caravan sites at the rate of about five a year.

In contrast, demand for new caravans has shrunk. According to the NCC, whose 57 members make most of the UK's new caravans, the peak year for production was 1973, when around 117,000 were made. By 1979 production had almost halved to around 71,000, further slipping to 52,000 in 1980—and is likely to be even lower this year.

Against this background ABI, best known for its Ace and Monza ranges, turned in consistent sales growth although margins have come under pressure over the past two years.

Since 1972 sales have more than trebled to around £30m in 1979-80. Pre-tax profits rose to just over £2m on sales of some £23m in the 12 months to end August 1978—Reed's best-ever year, but since then the surplus has slipped to £0.61 for 1979-1980 though, as Reed points out, "at least we are still making profits, unlike others in the industry."

Short-time working

Compared with other manufacturers, ABI's current state of health, supported by a strong balance sheet, is enviable indeed. Most of its major competitors are turning in losses and at least 20 manufacturers—most of them smaller production units—have closed down in the past two years.

The most serious losses are being incurred by Caravans International, best-known for its Sprite models. After turning in a £1.3m pre-tax loss last year, the company, which has just diverted one of its main board directors to line management functions, earlier this week announced a £0.31m deficit in the first half of 1980-81. The directors hope to hold their own in the second half—but only because of the mitigating effect on borrowings of the sale proceeds of its profitable South African subsidiary.

Elsewhere, the caravan activities of the Cosalt industrial group have also been under pressure, although current trading has shown some improvement. After interest charges, its 1980 profit was roughly £0.4m, with the second half only marginally in the black. The company, which makes the Abbey and Piper ranges, has had to sell one of its two factories, and was at one stage working short time.

The strain is also showing up on two other public companies. After turning in an annualised deficit of about £0.2m, A-Line Caravans, a subsidiary of Black and Edgington, was last year sold at a substantial loss. And Thomson T-Line Caravans, a Scottish - based manufacturer whose operations are dependent on the continued support of its bankers, has been looking for a buyer for at least a year—with little success. It has been turning in losses for four years now.

It is in this environment that ABI has been able to press home an advantage through a strategy which includes a unique element in its financing package to help the company's dealers.

The financing package, which has been in operation since 1977, is similar to the motor industry's wholesale floor stock scheme, whereby a finance company provides lines of credit to approved dealers to hold stock. Normally, interest would be charged to the dealer but, unlike the motor industry, ABI undertakes to pick up the interest tab for 90 days on all unsold stock. After this period interest accrues to the dealer.

According to Reed, this commitment — which effectively amounts to an off-balance sheet borrowing facility because the funds are lent to the dealers and not ABI—is costing the company about £1m a year.

He reasons that this support programme encourages more of his dealers to hold a wider range of ABI caravans and this leads to higher sales. And the higher sales, he calculates, more than offset the interest charges paid to the finance house.

In spite of this, market conditions have made volume sales tough to achieve and with stock levels rising to uncomfortable levels Reed last year took the decision to slash margins, with the result that average prices are now no more than they were in 1979.

He coupled this with a national advertising campaign—the only caravan manufacturer to do so—and as a result his market share has soared. Although the fragmented nature of the industry makes industry-wide figures difficult to calculate, ABI has, he believes, boosted its market share of tourers by around 20 points to near 50 per cent last year. In 1979, best estimates put ABI's market penetration roughly on a par with CI.

As part of his strategy, Reed has also invested in a dealership promoting ABI tourers on an exclusive basis—"the only effective policy to combat weakening conditions. . . ." This is not unusual in the industry as CI also has an exclusive dealership for its tourers, but in ABI's case it deals directly with its dealers while CI's contract with its customers is through six main distributors.

Apart from the unit stocking finance scheme, Reed also operates a dealer marketing support programme through which he shares local advertising costs and a dealer sales training programme. To maintain dealer loyalty he also gives an annual bonus based on sales to his exclusive dealers.

Increasing attention has also been given to after-sales service.

In the midst of all this Reed has also found it necessary to slim down his operation—once geared to producing 25,000 units a year—to reflect the downturn in demand.

Rent out on short leases

By employing new plant and machinery and introducing new production techniques and working methods, he plans to reduce the floor space needed for production from 269,000 sq ft to around 145,000 sq ft—and then rent out the unoccupied space, mostly on short leases. So far he has been able to find tenants for most of the surplus space.

Reed reckons that this arrangement is flexible enough for him to resume production at higher levels when demand picks up.

Unlike CI, ABI has not been so heavily exposed to the equally competitive overseas markets — one of the factors Reed believes gives him an edge over his rivals.

Until last year the company had a wholesaling depot in the Netherlands but the strength of sterling has forced closure, with resultant currency losses.

On the product level, Reed believes he has another decisive advantage over his competitors in that his range is more broadly spread across the market. He concentrates on the budget through to the middeupper range of caravans, while CI, for example, is heavily dependent on the lower end of the market.

All these factors, he adds immodestly, make him the most efficient operator in the business, and give him a sound base for the future. He reckons his unit costs are among the lowest in the business and that this is reflected in showroom prices. He can still make a profit, he claims, from selling a standard Monza for £500 less than CI's equivalent standard Sprite. While others wither, he intends to prosper.

He will not be drawn but says of the immediate future: "In spite of currency losses in withdrawing from Europe, the reorganisation costs and our dealer support programme costing at least £1m, we expect to remain profitable this year."

In a beleaguered industry this must sound like sweet music indeed.

Warning: smoking can damage your financial health

BY ARNOLD KRANSDORFF

BUSINESS managers with a mandate to cut costs should take a close look at Warren McPherson's efforts. He claims to have made "phenomenal" savings from hiring only non-smokers and banning the weed from his premises in Seattle, Washington state.

His company—Radar Electric, a wholesale electronic components distributor, employing 90 workers—stopped hiring smokers in 1977 and completely banned smoking on business premises at the beginning of 1978.

As a result, he says, absenteeism has been virtually eliminated. This means he can provide the same service with five fewer employees — saving $125,000 a year. Less sickness among employees has also led to lower health insurance premiums.

In addition, McPherson employs one less person to do maintenance and cleaning (for another saving of $25,000 a year) and he estimates he is going to "save bundles in the long run" because he will not have to replace burned carpets and furniture.

On top of all this he reckons worker morale is much higher and it is now easier to hire the right people. And there has been no adverse reaction from his smoking customers.

McPherson recalls that at the time of the ban, more than half the workforce smoked, including all his key executives. Now, there are only two "closet" smokers left and only one employee resigned from the company because of the ban.

While McPherson's policies are the exception rather than the rule — in the U.S. as well as in Europe — his attitudes are nevertheless becoming increasingly prevalent. A survey by Alfred Marks Bureau, the UK staff consultancy, found that more employers are specifying non-smokers in job descriptions.

According to Dr. William Weiss, a professor in the department of accounting at the University of Seattle's Graduate School of Business, the cost benefits of only employing non-smokers and introducing a smoking ban — which is perfectly legal — are both real and substantial.

Writing in the May issue of Personnel Management, published by the Institute of Personnel Management, he says that "smoking is not only hazardous to your health, it is hazardous to your business."

Absenteeism

A personnel policy that excludes smokers from employment could, he calculates, save a company up to 10 per cent in salaries and wages, 30 per cent in health and fire insurance premiums, 50 per cent in furniture depreciation, 50 per cent in cleaning expenses and 75 per cent in disability benefits.

Drawing on the U.S. example, where smoking is prevalent among 38 per cent of the male adult population and 30 per cent of the female adult population, Weiss says that reduced absenteeism is the easiest factor to quantify.

In aggregate, female smokers are absent from work around 45 per cent more often than their non-smoking counterparts; for male employees the differential rate is about 57 per cent, he says. But incremental absenteeism is much higher among young smokers and among heavy smokers, he adds.

Disability rates are also much higher among smokers, as are mortality rates. The overall mortality rate from a cross section of adult age groups is 70 per cent greater for smokers than for non-smokers.

Weiss also quotes an estimate—from a U.S. consulting group—that in an eight-hour working day, about six per cent of the working year is lost to the smoking ritual (lighting, puffing, staring, pretending to be in deep thought, etc); for pipe smokers the loss is around 11 per cent of the working year.

Weiss—himself a non-smoker—states that in the U.S. enlightened health and life insurance companies are recognising the need to adjust premiums for companies that have either banned smoking from their premises or stopped hiring smokers.

At least one is offering policies at a 30 per cent discount for non-smokers. (In the UK the British Insurance Association is unaware of any company offering reduced premium rates to companies with smoking bans.)

He mentions other miscellaneous savings from smoking bans—lower maintenance costs and reduced property damage. "Finally, those who have proscribed smoking from the workplace report an improvement in employee morale, a consequence that, as every manager knows, can be the biggest money saver of all."

Weiss concludes: "Let's face it. Smoking is hazardous to your company's financial health. Kick the habit."

The Royal College of Physicians estimates that 50m working days are lost every year in the UK through smoking-related problems (four times the number lost through strikes).

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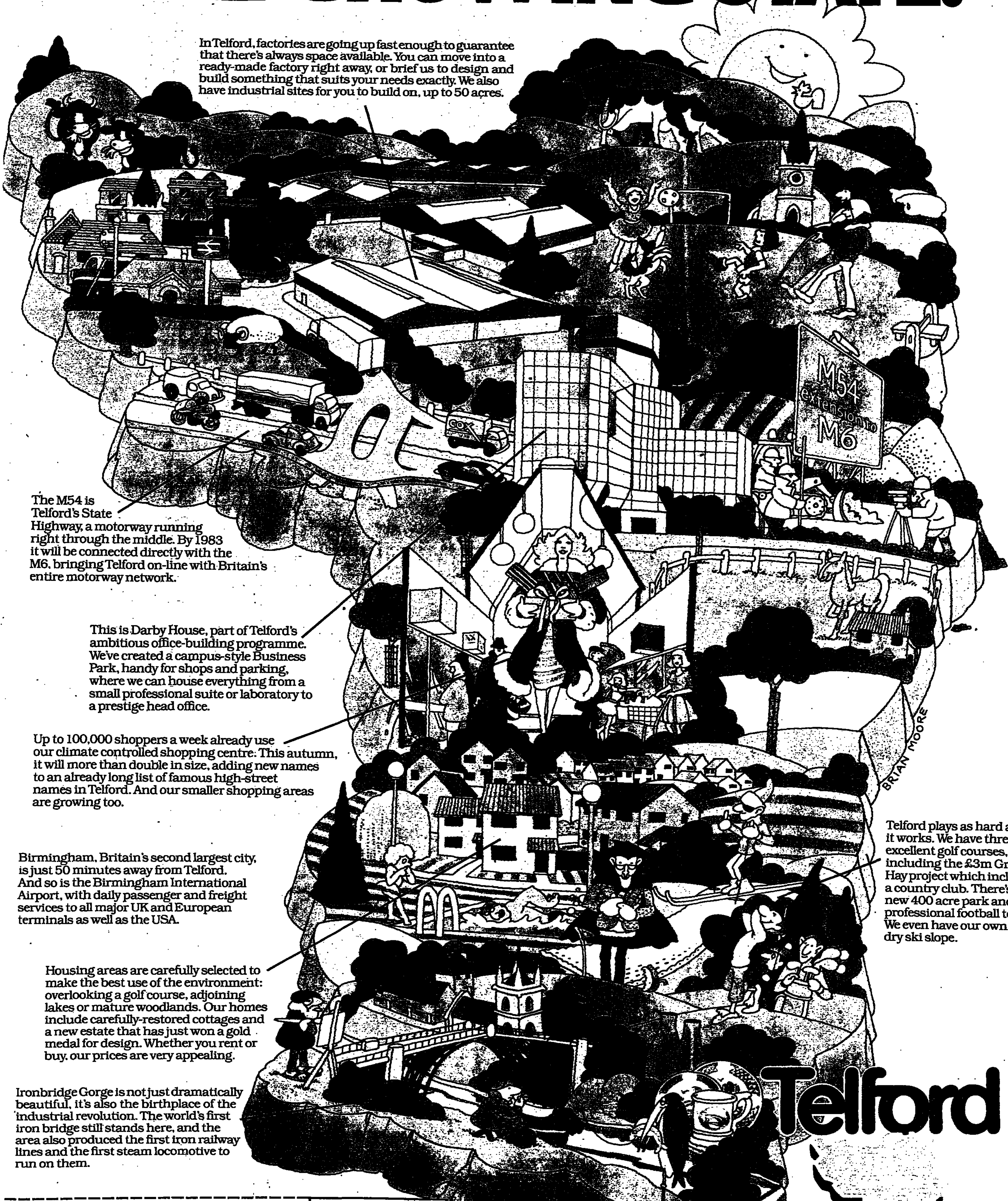

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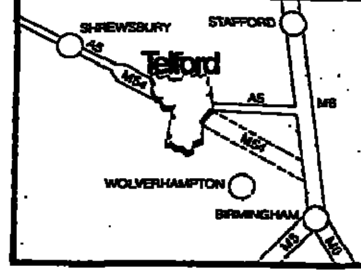

THE PROPERTY MARKET

BY MICHAEL CASSELL

New price tag on Stock Exchange

THIS WEEK'S announced revaluation of the Stock Exchange Tower must make the 26-storey building itself one of the City's better investments in recent years.

The Stock Exchange report and accounts show that the office tower—the landmark at the heart of the City's daily life and the single most important element in the Stock Exchange's own financial structure—has been fully revalued to throw up a £29.6m surplus on book value.

With four years having passed since the last revaluation, the accounts now include a figure of £96.15m for the buildings and plant owned by the Exchange, all but about £2m of which is directly accounted for by the City building. The balance involves the freehold of the Birmingham Stock Exchange building—worth under £1m—the Dubline Stock Exchange and part interests in 19 other properties.

Given Debenham Tewson and Chinnocks' current open market valuation on the Tower of around £94m and the original cost—never actually disclosed but thought to be around £20m—the investment seems to compare rather well with any deal struck within its walls. Work on the building started in 1968 and it became fully operational in 1973.

The freehold building's present rent roll is around £1.5m a year, involving over twenty individual tenants, and the tasks of maintaining and maximising the vital flow of revenue to the Exchange falls to a team headed by Charles Batchelor, head of property management services.

"The tower is as much a commercial office building as a home for the Exchange. There are 19 full floors of 8,473 sq ft—6,900 sq ft net—let to tenants. We occupy parts of five more floors and some of this space is also planned to become available for renting."

Rents in the building have reached £24 a sq ft and deals at £25 are on the way. Original leases, mainly involving Exchange members, are on seven year reviews and are not fully repairing, while post-1974 leases are five-yearly and full repairing. At present there is a ratio of about two older leases to each new one.

Early tenants next face rent reviews in 1984—a year in which some of the later leases will also come up for renegotiation as part of a rolling review pattern.

With nearly 30 potential tenants on the waiting list, ready and anxious ot share the same roof with foreign banks, Greek shippers, industrialists and the inevitable army of jobbers and brokers, the prospect of top rents is no deterrent.

For a shining example of the relative merits of property as an investment, Members, it seems, need look no further than the Exchange's own front doorstep.

Debenhams says 'yes'

GROSVENOR ESTATE Commercial Developments appears finally to have paved the way for its proposed £12m covered shopping centre scheme in the heart of Cambridge.

Since the development group came on to the scene in early 1978—following the collapse of a Samuel Properties' plan—its proposals have been bogged down. There was fierce local opposition and the anchor tenant—Debenhams—announced last November that it was pulling out, only weks before the expiry of the developer's partnership agreement with the local authority.

Now, however, Debenhams have agreed to stick to the original plan and to take the 100,000-sq-ft department store in the 300,000-sq-ft scheme, to be deceveloped on part of the so-called Kite site and to be named the Grafton Centre.

Coun. Peter Wright, leader of Cambridge City Council, commented: "Although the Labour group has been opposed to this development, it inherited an obligation to allow it to proceed if Grosvenor could let the main store to a leading retailer.

"We have secured many changes to the details of the scheme and no doubt Debenhams will be welcomed by many people. The development now demands that we work closely with Grosvenor to ensure the scheme is successful."

Inflation stays ahead

RENTS AND capital values for most types of commercial property have, despite the recession, continued to rise during the early part of 1981.

Neither have managed overall to outstrip inflaion but their performance, given the general state of the economy, represents no mean achievement. The sector's recent track record goes a long way to justifying (and is inded partially underpined by) continuing institutional confidence in good property.

Two sets of statistics published this week help confirm the property sector's proven—though not universal—resilience to the present economic climate and the one or two blackspots which do exist have so far failed to penetrate the general air of quiet satisfaction which overhangs most of the market.

With definite signs that, on the broader economic front, the recession has started to flatten out, property may be forgiven for believing that it will for the most part manage to pass its latest endurance test with flying colours.

According to the Investors Chronicle-Hillier Parker rent index, there was a very slight increase in the overall rate of rental growth between November 1980 and Maq 1981, though an added spurt to the inflation rate more than outweighed this advance. Rental values rose at an average annual rate of just over 8 per cent during this period, against the 7.3 per cent annual increase recorded in the previous six months.

The real picture is, needless to say, distorted by the impact of inflation but the index nevertheless shows that rental growth is not trailing too far behind. Hillier-Parker emphasises that an annual growth rate of just over 8 per cent is equivalent to an increase of nearly 50 per cent over the past five years and is similar to the level achieved in the late 1960s.

At the same time, the index illustrates that all three property sectors have continue to show growth ahead of inflation over the longer-term. Top of the field are shops, which between 1965 and this May have provided an average 2.4 per cent real return. Next in line come offices (1.5 per cent) and lastly—casting a big black cloud over the current scene—is industrial space (1.2 per cent).

Looking at the latest six-month period, the index shows that office rental values have again shown the greatest growth and, in recording an average increase of 12.6 per cent, just managed to match the prevailing inflation rate. Rents in the centre of the City of London rose faster than those on the fringe for the first time in three years.

Shop rents are still growing slowly but there are signs of recovery, with the six-month increase running at an annual rate of 5.4 per cent, representing a substantial improvement on the 2.7 per cent figure recorded in the previous half-year. In real terms, retail rents were falling at an annual rate of nearly 6 per cent.

Bottom of the list come industrials which showed an average rise of just 4.2 per cent over the period, or a real decline of nearly 7 per cent. Rental growth in this hard-pressed sector has been running at the lowest level recorded since the index began. The most striking feature has been the stagnation of industrial rents in London and, again for the first time, there has been no upward movement of London rental values

Over to Jones Lang Wootton, who have just updated their own property index to reflect the further rise in institutional property values and the steady fall in yields for prime offices and shops which has been seen since the last quarter of 1980.

The JLW year-on-year capital growth index shows that shops, now—but not always—the institutions' favourite investment target, recorded an increase of *19.6 per cent in the 12 months* from March 1980, against a 12.6 per cent increase in the retail price index over the same period.

The agents clearly expect the upwards pressure on retail values to be maintained and point out that the best shop properties, with their small lot size and relatively low management charges, appeal particularly to smaller funds whose target returns may not exceed the increase in wage inflation.

The capital growth index also shows a 9.1 per cent increase for offices over the 12 months to March and an 11.5 per cent increase on industrial property values. The value of agricultural investments fell by 5.2 per cent.

Rohan gets ready for UK expansion

ARMED WITH a new chief executive in London, the Irish-based Rohan construction and property group this week served notice that it intendst o step up development actiivty in the UK.

In the UK, the company will be broadening its areas of activity into shopping and office developments but will at the same time continue to expand its existing industrial business. Of the 13 industrial estates in operation, three are in the UK, at Leeds and Dartford, Kent.

Earlier this year Rohan headhunted John Taylor, 37, then a member of the central management team at British Land and now the group's UK chief.

Taylor joined John Ritblat in 1974—"one wek after Barber's announcement freezing ODP's" and he was quickly involved in sorting out post-property boom problems like the Aldersgate Street development. This helped bring British Lands' shares down to 4p, he recalls, and "took three years of my life."

A combination of an IR£2.6m revaluation surplus and an IR£2.72m rights issue has lifted Rohan's balance sheet total from a reported IR£6.1m at the end of 1979 to an effective IR£13.7m which, says Taylor, leaves room for manoeuvre in the UK.

In retailing, for example, the group is not frightened of town centre schemes, providing it can find them. Taylor's method will be to go in, buy "hunks of sites" and then see funding institutions with a package.

The basic aim is developments built to standard with a high quality finish. "That way," says Taylor, "you can sell when times are bad and get higher rents when times are good."

IN BRIEF

GENERAL Accident Fire and Life Assurance has paid over £2m for an 80,000 sq ft-plus warehouse—let to F. W. Woolworth—on the Grange employment area, Warrington. Vendors Warrington Development Corporation were represented by Bernard Thorpe while Donaldsons and Strutt and Parker acted for GA. Current rent is £105,900 a year, with a review in 1983.

● Hereford City Council has shortlisted Costain Property Developments, Grosvenor Estate Commercial Developments, MEPC and Norwich Union for the 110,000 sq ft shopping scheme in the Maylord Street area. Edward Erdman are the council's consultants and the four companies will now prepare detailed proposals.

● Commercial Union Properties has acquired, in a sale and leaseback deal, the long leasehold interest in a 29,500 sq ft warehouse at Sussex Avenue, Hunslet, Leeds, from Sheffield Insulating. The £700,000 investment will be held on the CU group's pension fund.

COMMERCIAL AND INDUSTRIAL PROPERTY appears every Friday.

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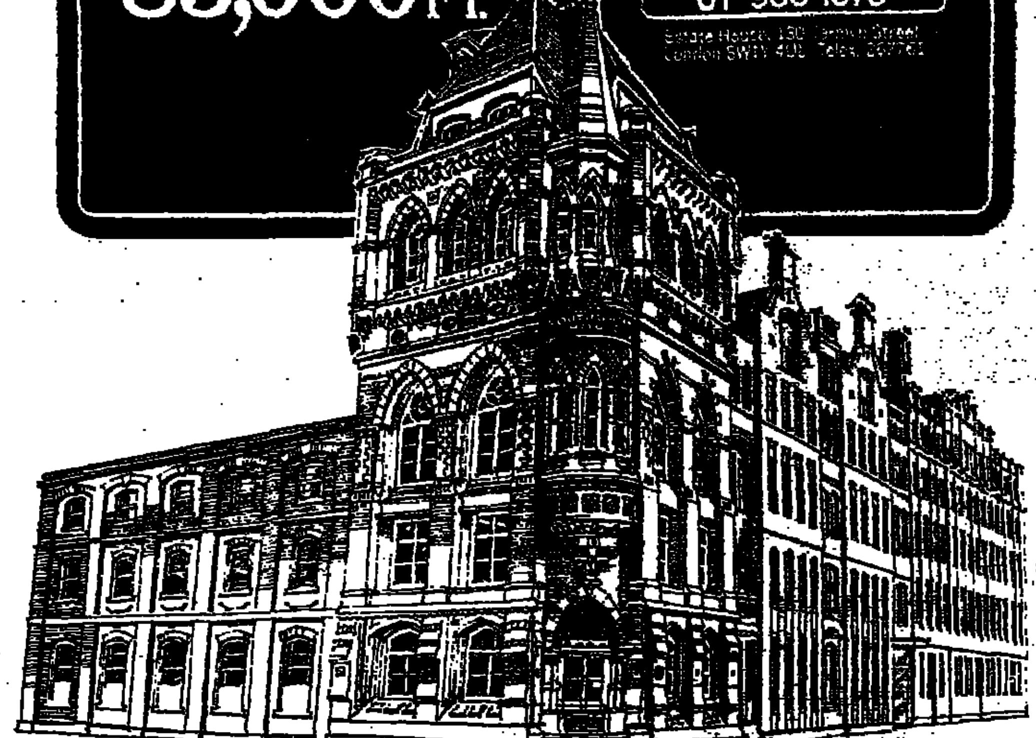

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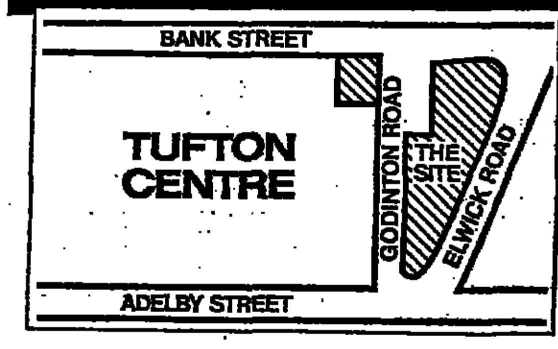

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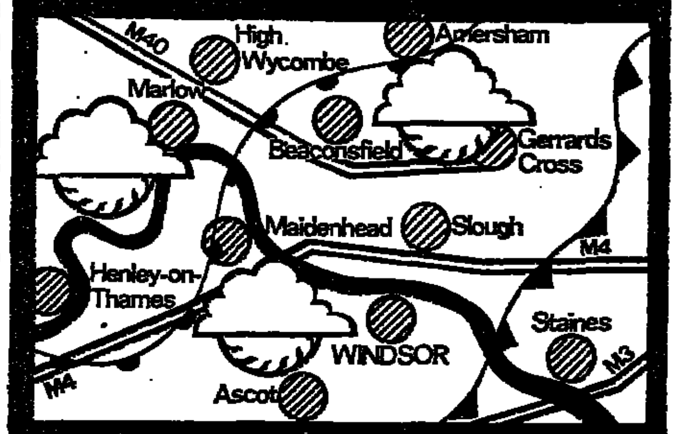

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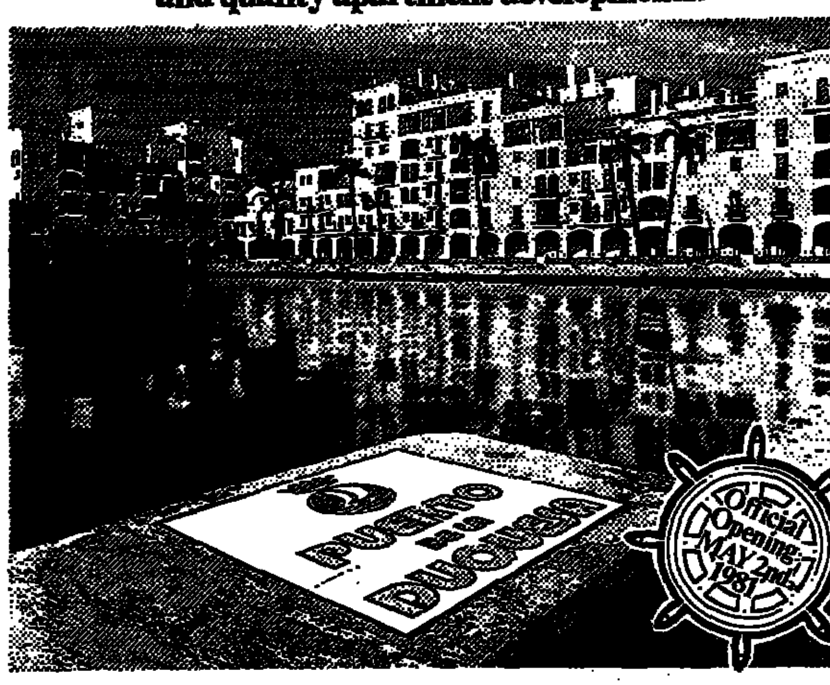

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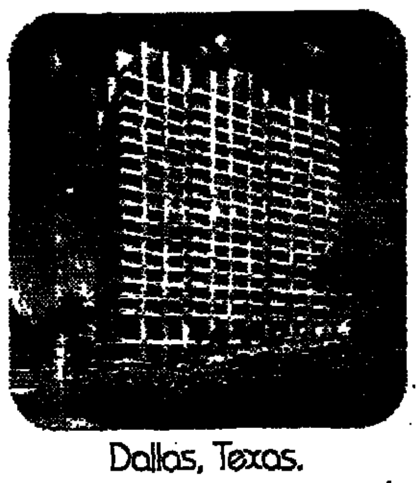

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UK PROPERTY

MONDAY, 13th JULY, 1981

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1. INTRODUCTION
   The property market has displayed a continuing resilience during the recession. Tenant demand and rental growth have generally weakened but capital values and investment interest have remained firm. Could a delayed reaction to the recession be on the way?
2. DEVELOPMENT
   The pattern of development has been mixed and highly selective: in most provincial centres new office schemes are now becoming viable again. Is there a serious oversupply of new industrial space?
3. INVESTMENT
   Yields for most types of prime property remain at very low levels, reflecting intense competition among investors for the limited number of purchasing opportunities becoming available. Are institutional criteria for property investment changing?
4. SHARES
5. INDUSTRIAL SECTOR
6. RETAIL SECTOR
7. OFFICE SECTOR
8. LEGISLATION
9. INNER CITIES AND ENTERPRISE ZONES
10. THE DEVELOPMENT INDUSTRY AND CONSERVATION

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Friday May 29 1981

Pressures on the airlines

THE CAMPAIGN for cheaper air fares which has been a feature of the air transport industry in recent years is now coming under attack from the airlines themselves, as their costs rise as a result of fuel price rises and general inflation world-wide. Last year, the 100-plus member-airlines of the International Air Transport Association collectively lost an estimated $2.5bn, and they seem likely, if things do not improve, to incur comparable losses this year, unless immediate remedial action is taken. It is to discuss this that the IATA has called its members to the special meeting in Geneva next week, at which an immediate fares rise of up to 5 per cent is likely to be approved.

Malaise

The meeting, however, will also be devoted to a more widespread examination of the underlying malaise in the industry which has led to the current losses. This stems from the fact that, in the immediate past, pressures from consumers and governments have led to an increase in competition and sharp reductions in fares. While consumers have certainly benefited, fares on many routes now appear to be lower than the airlines can afford. Traffic remains reasonably strong, despite the recession, but it is being carried at uneconomic rates.

There is little doubt that there is much wrong with current methods of fixing fares. The IATA fares conferences still adhere to a unanimity rule that enables smaller, weaker airlines to obstruct innovative fares policies from bigger, stronger and more adventurous carriers.

Costs

The U.S., as part of its overall policy of seeking greater competition, internationally as well as domestically, will have none of this, and has told its airlines not to participate in IATA fares meetings, prefering the bilateral governmental approach. Unless the IATA revises its fares-fixing techniques, the tendency may well be for this to happen more often.

Some of the more adventurous airlines have been blocked in their efforts to introduce new routes by the protectionism of governments. Many individual governments jealously guard their sovereign rights over air transport, and decline to budge from entrenched positions. In addition, the recession itself, with slacker traffic growth and soaring costs, has made it virtually impossible to introduce the radical range of cheaper rates many airlines would like to see.

British Airways has led the way in Europe, abolishing First Class and introducing the new Club and Economy rates, but at the same time it is reported to have lost heavily last year, although this is probably due to the recession itself rather than its new fares concepts.

What does seem clear is that the campaign for cheaper fares is not likely to peter out, despite the recession and the airlines' economic woes, but the airlines' response to it is likely to be much less enthusiastic than in the past. For the immediate future, the question is one of survival rather than stimulating traffic by cutting rates.

Changes

The airlines recognise, moreover, that in the longer term, when the recession is over and the expected revival in traffic occurs, the demand for fares cuts will be as strong as ever. Many bodies in Western Europe—the UK Air Transport Users Committee, the European Parliament and the EEC itself—are all strongly interested. It is possible that some major changes in the structure of European air transport could be forced through under the Treaty of Rome to achieve the cheaper rates consumers want to see: a unified European market, free of protectionist barriers, should bring benefits both in industrial efficiency and in service to the consumer. IATA, if its is wise, will take note of these trends at its meeting next week.

Maintaining the UK aid effort

THERE IS a sad tendency in Britain and the U.S. to impose economic discipline at the expense of the developing countries. The two countries' aid budgets have been lopped. There is a marked lack of enthusiasm in the U.S. for multilateral aid agencies, such as the World Bank. High interest rates, necessary as part of the battle against inflation, have a damaging effect on the developing world. Each 1 per cent increase in interest, when it filters through, adds $2bn to its debt service bill.

No early relief seems likely for this last problem, but the British Government does at least now have a painless chance to show that concern for the poor remains a priority. The opportunity is provided by the Commonwealth Development Corporation, a public body with a reasonably good track record in promoting development in the Third World. The Treasury is blocking suggestions that it should be allowed to raise the funds abroad which it needs to keep up its level of activity. The Treasury argues that, though such funds are raised abroad for use abroad, they add to the public sector borrowing requirement.

Catalyst

The CDC is the most cost-effective part of Britain's aid programme. In the past six years it drew £137m from the Treasury, but earned £204m of which £102m was repaid to the Treasury. Perhaps more important it has acted as a catalyst for investment in the developing world. At the end of last year its own investments totalled £351m, but the total value of the projects in which these are made was around £2.5bn.

With 250 projects in 47 countries it is inevitable that some problems will develop. The most acute are with a £2.8m equity investment it has made in a project in north-east Nigeria, the Savannah Sugar Company. There difficulties have emerged with the Nigerian Government over ensuring finance and a factory has been set up before the irrigation required for sugar plantations is complete. Equally, there are suggestions that the CDC needs further to develop its contacts with industry—though this point can be made about almost all public bodies.

But the CDC's long-term record is to its credit. Set up in 1948 it claims to have stimulated the World Bank's interest in agricultural development. It laid the foundations for the tea industry in Kenya, introduced cocoa to Malaysia and played a pioneering role in bringing a forest industry to countries such as Swaziland. Its activities range from water and mining to housing finance and hotels. It is now adding energy resources to its priority areas. Its enthusiasm for this sector is undaunted by a long-simmering row with the Grenada government which has just come to a head; the CDC has been accused of "economic sabotage" after an electricity plant in which it has shares was obliged to turn off power during a political rally.

Praise

The fact that most of its ventures prove sufficiently commercial to be sold off to local investors is among the reasons why it is often described as just the type of body which the Conservative government should favour. Mr Neil Marten, the Minister for Overseas Development, was fulsome in its praise in February. Shortly after completion of an interdepartmental review of the CDC he said that its record was one "in which the corporation and the country can take justifiable pride." He added: "Its aims and methods are very much in line with the Government's aid policy"—which puts weight (perhaps excessively so) on political and commercial considerations. He promised "the earliest possible decision" on whether the CDC wolud be allowed to make commercial borrowing.

Essential

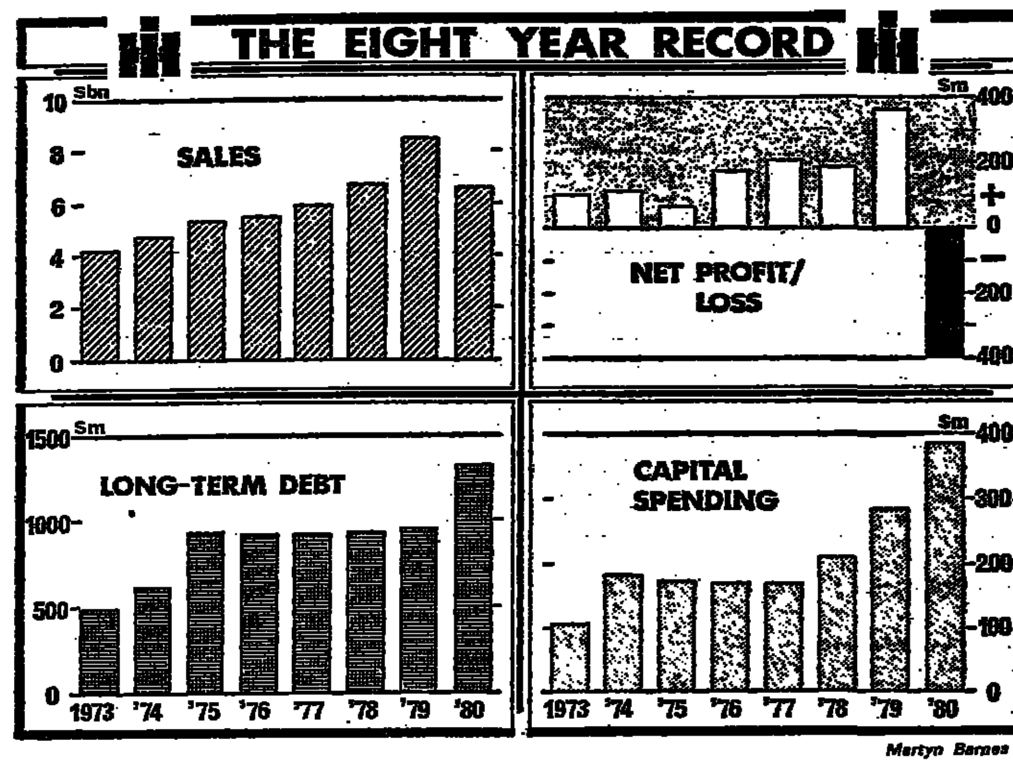
The government is not to be criticised for the delay if this means that the right decision will eventually emerge. It is to be hoped that meetings such as the Ottawa summit of Western leaders in July and the Mexico summit on development issues in October will remind leaders of industrial countries that, whatever their domestic problems, aid flows to the developing nations are essential to the health of the world economic system. But, for now, even if Britain's aid expenditure is to be kept down, bodies like the CDC should be encouraged to borrow commercially, with the added market discipline this may impose. The PSBR straightjacket should not be allowed to squeeze the life out of a body which has proved its worth.

INTERNATIONAL HARVESTER'S PROBLEMS

Reaping the whirlwind

By Ian Hargreaves in New York

International Harvester's ambitious plans have run into trouble. Brought low by a six-month strike and the deterioration of the U.S. farm equipment and construction machinery markets, the company is negotiating a $4.5bn rescue plan with its bankers.



Martyn Barnes

INTERNATIONAL Harvester is a confusing company. To laid-off tractor workers in Doncaster in England, and sacked foundry workers in Memphis, Tennessee, the company's outlook must appear uniformly bleak.

But in Angers, in France, where Harvester is spending $40m to modernise a recently purchased combine harvester plant, the opposite impression prevails. Likewise in Spain, where last year Harvester signed up to buy 35 per cent of Enasa, the heavily loss-making state-owned truck maker and where Harvester has since announced plans for a major diesel engine factory and tractor assembly line.

Bankers have been caught in the middle of these apparently contradictory trends. Late last year, Harvester stock was riding high and banks were still making loans to the company when they were summoned to a meeting in December at which the company revealed it had more debt than it could service.

Soon after than, Harvester's very survival was being called into question, as the banks tried to assemble a hasty $4.7bn rescheduling of credit lines for the company and its non-consolidated credit subsidiaries. At the end of January, Harvester had $2.5bn of debt, with the short-term portion of that sum increasing rapidly because a deteriorating balance sheet had made the company uncreditworthy in the eyes of the U.S. non-bank credit markets. In the last 18 months, Harvester, with equity of only $1.6bn, has lost $572.8m.

But, lest the picture start to appear too gloomy, last autumn, Harveser's board decided that Mr Archie McCardell, the company's chairman, had performed so well that both he and his hand-picked No 2, Mr Warren Hayford, would be forgiven the first slice of hefty loans (in McCardell's case $1.8m) they had been granted to buy Harvester stock as a recruitment perk. More substantially, Harvester has despite its problems this year built up a record market share in the large U.S. heavy truck business.

History helps, if not to explain, at least to set in perspective, some of this conflicting evidence. In 1831, Cyrus Hall McCormick invented the mechanical reaper and formed a company to market it. The McCormick family was still running what had become a flabby, somewhat over-geared multinational in farm equipment, trucks, construction equipment and turbine engines 146 years later.

In 1977, family decided to step back and brought in McCardell from the No 2 slot at Xerox. Before that, McCardell had worked at Ford.

The new chairman brought with him a gospel: Harvester must become the least-cost producer in all its major markets. That meant cutting costs and more than doubling capital spending and research and development. The capital budget was to grow, McCardell said, from $168m in 1977 to $500 annually between 1980 and 1985, a target reduced in practice this year to $350m.

Two years into his term, McCardell had convinced everyone he knew what he was doing. Sales and profits leapt in 1979.

The banana skin, however, was just around the corner. In November, 1979, McCardell took on the powerful United Autoworkers' Union over labour productivity. There followed a six-month strike of almost all the company's North American plants. At the end, the company had achieved probably less than half—the matter is still subject to heated dispute—of its goals on job flexibility and overtime.

Worse still, the end of the strike coincided with the Carter Administration's spring credit crunch and the rapid deterioration of the farm equipment and construction machinery markets. Trucks were already in recession.

The company, it turned out, had gone into the strike without arranging back-up credit lines, arguing to itself that as soon as the strike ended, it would make up lost profits and sales.

As Harvester's credit ratings plummeted, a last-ditch attempt to raise equity in the capital markets collapsed midstream and Harvester was left with only one source of solace in the world of finance—its banks, which are now negotiating two three-year revolving credits worth about $3bn, plus the purchase of $1.5bn of credit company accounts receivable.

These figures are slightly lower than expected because Harvester recently raised $505m in cash by selling to Caterpillar Tractor its turbine engine division, the only part of Harvester which made money last year.

At this stage, however, none of the banks is being asked to make concessions to Harvester, as they did to Massey-Ferguson and Chrysler. The deal is purely commercial and the banks will get premium interest rates from Harvester for their pains. But that has not prevented about 20 lenders from refusing to join the deal. They apparently feel that any loan to Harvester is a loan which may not be repaid.

What, then, of the future? In balance sheet terms, the company will be sickly for three to five years, its bankers believe. But that assumption may appear optimistic if interest rates continue at or around their current levels this year and next, a possibility not discounted by some Wall Street economists. If interest rates came crashing down, the company could recover its poise quite quickly.

But the only way for the foreseeable future to pump equity into the company is by a gift from banks or governments (highly unlikely), the sale of more assets (probable) or a long, strong run of profits.

The prospects for the latter are where the biggest disagreements lie. Mr. Hayford points to two things to justify optimism: The "market momentum" the company has in trucks and farm equipment and the progress Harvester has made in cutting costs.

The market share point is at least partially borne out by independent figures, which show Harvester with 26 per cent of the Class 8 (the heaviest) truck sales in the U.S. in the first four months of the year, up from 22.9 per cent in the same period of 1979.

The 1980 figures are not comparable, because of the strike. In Class 6, Harvester improved from 6.5 per cent to 17.8 per cent, although in Class 7, the company has not recovered its pre-strike share, scoring 42.2 per cent, down from 50.8 per cent.

But perhaps more important is Harvester's strength in heavier diesel-powered trucks at a time when the market is moving in this direction, although Harvester urgently needs to increase its supply of medium-size diesel engines.

That is one reason for its Spanish deal.

In farm equipment, there are no reliable public figures, although rough estimates suggest that Harvester held its own over the years with about 19 per cent of the U.S. market, except for the strike year, when its share fell to 15 per cent. Harvester says its own returns indicate powerful market share gains for large tractors in North America, for medium-size tractors in Europe, especially in Britain at Massey-Ferguson's expense, and in combine harvesters in several markets. Hence, the Angers investment.

Construction equipment, however, generates less enthusiastic comment and the sector has had negligible capital spending in recent years. Harvester's bankers think the company would sell the division if a buyer could be found. Its record of the past three years has been dismal, with an aggregate $11m loss on sales of $2.6bn.

As for cost containment, Mr Hayford makes great claims. By more intelligent organisation of production lines, for example, and by cutting inventories of parts—the company keeps sending shoals of executives to Japan to study this latter art—significant savings have been made in the past two years.

The aim is to reduce inventories by $1bn. "We'll be halfway there by the end of this year," he says.

Harvester also has reason to be cheerful in the longer run about its major market. Not only does it have a good range of products, with some major capital expenses behind it, but the company has an enormously strong dealer network in both farm equipment and trucks.

But the reasons for being less than cheerful are also numerous. Apart from the deep-seated balance sheet weakness, Harvester, like a lot of older U.S. companies, also has a very large unfunded pensions position (in excess of $1bn), something which starts to cost money once businesses are liquidated.

There are also worries about the scale and diversity of the projects the company now has on its plate, most notably its extremely ambitious posture in the European truck business, where apart from its Enasa stake, it also owns 37.5 per cent of Daf, the Dutch truck company, and Seddon Atkinson, the Lancashire-based lorry manufacturer.

The vague goal has always been to become a major force in European trucks, taking advantage of economies of scale in components *en route*. But it has never been exactly clear whether Seddon is purely meant to serve the British market ("We could export from Britain over time," says Hayford), whether Spain is the right base to serve the Common Market or whether it is even a very good idea to pump money into a mature and highly competitive market at a time when the big European companies (Daimler-Benz, Volvo and Renault among them) are moving into the U.S. market.

The answer to these queries is probably that it can be made to make sense, so long as there is straight thinking and the necessary capital. The latter, at least, will be in short supply for a while.

The other objective in trucks is to increase vertical integration, something which Harvester has in farm equipment and which explains why in good years the farm sector is a cash bonanza.

That kind of bonanza could, and should, occur again in the not-too-distant future. U.S. sales of tractors were down by about 10 per cent in the first four months of the year and forage harvester sales were off by almost 35 per cent as farmers responded to high interest rates and unexpectedly low farm prices. But in April, tractor sales showed their first month-to-month gain for a year and combine sales have held up quite well.

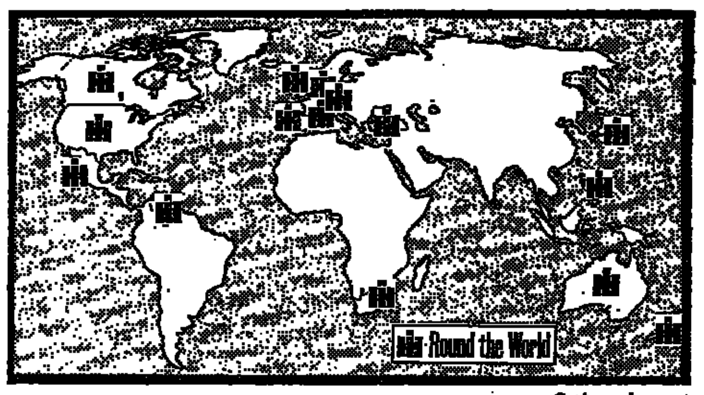
The biggest worry for Harvester in this area is the growing strength of John Deere, its major competitor, which is gaining market share, outspending even Mr McCardell on R and D and plant modernisation and expansion. Unlike Harvester, Deere does not have a care in the world on the financial front.

Indeed, Harvester's strategic problems, whatever Mr Hayford says about Japan, are measurable by simple contrasts with Deere and Caterpillar. The following ratios provide a sample, taking Deere, Caterpillar and Harvester in that order: Sales per employee: $89,700, $99,970, $72,780; R and D per employee $3,790, $3,790, $2,935; capital spending per employee $6,440, $8,710, $4,410; long-term debt or equity 0.33, 0.27, 0.78.

The picture is really, from this viewpoint, not confusing at all. Harvester has a long way to go to be as good as the best, although its relative weakness to Deere and Caterpillar is offset by the fact that there are many weaker competitors around, notably Massey-Ferguson.

There is no doubt that McCardell and his team have shaken some life into Harvester. But the strike, the lapse into excessive leverage and, in terms of staff morale at a time of economies, the chairman's acceptance of loan forgiveness, show that they have some way to go before the slogan McCardell put on the front of the company's 1980 annual report is fully justified.

Embossed upon a picture of Cyrus McCormick, it read: "Our golden age is not in the past: it is in the future."



Graham Lever

Major Harvester plants are located in: Australia (trucks and farm equipment), Canada (trucks, farm and construction equipment), England (tractors, Seddon Atkinson trucks), France (combine harvesters, tractors, construction equipment), Germany (construction equipment, engines), Japan (50 per cent stake in Kimco Construction Equipment, with Komatsu), Mexico (tractors, trucks), Netherlands (stake in Daf trucks), New Zealand (farm equipment, trucks), Philippines (trucks, farm equipment), South Africa (trucks, tractors), Spain (stake in Enasa trucks plan for engine factory and possible tractor production), Turkey (stake in Turk Otomotive Endustrileri—trucks, tractors), U.S. (trucks, farm equipment, construction equipment, engines, components), Venezuela (trucks).

MEN AND MATTERS

Chemin deferred

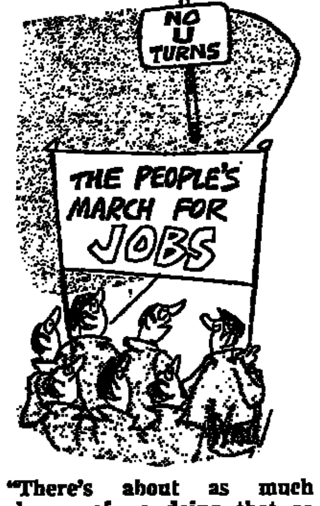
While delays of more then ten minutes or so at commuter railway stations can be pretty irritating, they hardly compare with the five years or so that West Country residents have been waiting for a train to take them between Cheltenham and Stratford-on-Avon.

The track, laid down at the turn of the century, formed part of the Great Western Railway main line linking—for the benefit of my younger readers—the Midlands, South Wales, and the West of England. Regular services were halted in 1968, and track has been wholly unused since a goods train derailed in 1976 and caused extensive damage which British Rail did not repair.

It was not long after the derailment that concerned local residents assembled in the village hall at Willersey, near Broadway, to form the Gloucestershire Warwickshire Railway Society, under the Presidency of the Marquis of Hertford. Originally, the Society intended to see its rail service restored. But as hopes of success faded, it turned its hand to lobbying British Railways to sell it the line. BR dragged its heels until the middle of last year, when negotiations with the Society eventually started.

Twelve months of tough bargaining later, BR has agreed to sell the Society the line from Pittville to Honeybourne, and Long Marston to the regional boundary of Staffordshire, for £25,000. The Society will soon be making a public issue of shares to raise the £30,000 which it needs to finance the acquisition and persuade BR that it can keep the line in good repair.

The Society hopes to keep the line running every weekend and public holiday from Easter to Christmas, staffing it largely with volunteers. In order to attract tourists as well as railway buffs, the Society plans to operate diesel locomotives as well as steam ones. Present plans to bring in the trippers include carriages equipped for wine-and-dine evening excursions, as well as Santa Specials to chug into action by Christmas.



"There's about as much chance of us doing that as there is of the Government"

Eastern promise

A U.S. colleague who recently travelled on Eastern Airlines and made some pointed remarks in a passenger questionnaire about the quality of service, was surprised a few days later to receive a telephone call from none other than Frank Borman, the former astronaut who has been chairman of Eastern since 1976.

"We don't claim to be perfect" was the message Borman delivered from the airline's headquarters down in Miami. "But I want you to know that we're not sitting on our hands. I hope you'll give us another try sometime."

Borman's clean-cut features and brisk style are already well-known to America's travelling millions through countless personal appearances in Eastern's TV commercials and magazine ads, where he plugs the message "at Eastern, we have to earn our wings every day."

He started doing it three years ago, and he hopes it expunges some of the bad feelings people might nurse about Eastern, an airline whose reputation, according to Borman, is now much improved.

Screen memory

Topic, the Stock Exchange computer system, woke up with something of a hangover yesterday morning. It had not, however, been out celebrating Liverpool's win with a friendly jobber. Instead, gremlins had crept into its circuits and knocked out the mechanism which erases the previous day's dealings to leave a clean slate for the morrow.

The circuits could have been cleared manually of the prior day's detritus, but the operators refused to do so until the computer company's representative had seen the material evidence at first hand. "Dammit," the market men muttered, "somebody's word is good here for a million-pound deal, it should be good enough for an electrical fault." And, about half-an-hour late, the beast was up and running.

Clothing down

The shutters have come down at Originelle, the ladies' clothes shops in South Kensington, Bond Street and George Street. And Leo Scheiner, managing director of the operating companies, Originelle Fashion and Originelle Buying, is, together with his co-director and sister Lorette Scheiner, being charged with committing an Originelle sin.

The pair, charged with conspiracy to defraud the group's creditors, are remanded on bail until September 11. The Yard Fraud Squad, which began its investigations in December, moved to arrest Lorette Scheiner last week, and her brother three days ago.

The shops switched out of middle-of-the-road clothes a few years ago into up-market high fashion. Like many in the rag trade, it suffered badly with recession, and on June 23 last year Originelle Buying, which briefly changed its name to Windanet, went into liquidation with an estimated deficiency of £188,000. Stoy Hayward and Harris Kafton were appointed joint liquidators.

The Yard Fraud Squad says it is continuing to investigate the group's affairs, and may send an officer to Italy to talk to its suppliers.

Collared stud

Males of the animal world may soon find their rovings somewhat curtailed. Not only are bulls likely to be banned from fields where the public have a right of way, but stallions may also be relegated to pastures new.

The Byways and Bridleways Trust, which tries to preserve and maintain rights of ways, wants a clause added to the Wildlife and Countryside Bill, now before the House of Commons, to make it unlawful to graze a stallion in a field containing a right of way for horse riders.

The passage of an attractive mare, I gather from one who studies the subject, does rather tend to banish cud-chewing as the matter weighing most heavily on a nearby stallion's mind—to the extent, says the Trust, that there have been several cases in which riders of mares have suffered injury as a result of amorous equine pursuit.

Observer

Ireland: Mrs Thatcher's last excuse

GENERAL elections in Ireland are fun — much more like American politics than British.

The date—June 11—must have been one of the worst-kept secrets ever. Within a day of its being announced, the posters were up and the parties ready with their long and enormously detailed manifestos.

On Monday the sun was shining, almost uniquely in Europe. The Irish police, meant to be guarding one of the party headquarters, abandoned their cloaks and helmets in a pile outside and disappeared. Two hours later the pile was still there—untouched. It is said that security is unusually strict this time.

Irish politics also have the merit of it not greatly mattering who wins — Mr Charles Haughey's ruling Fianna Fail, otherwise known as the Republican Party, or Mr Garret Fitzgerald's Fine Gael. The Irish Press tends to refer to them simply as Charlie and Garret.

Yet the zest of the campaign should not obscure the fact that the need to await the outcome is the British Government's last remaining excuse for not taking a new Irish initiative.

Mrs Thatcher's Government has mounted one initiative in Ulster so far—the attempt to form a consultative assembly—and failed. After that it became necessary to wait for the local elections in Ulster last week, and now for the election in the Republic.

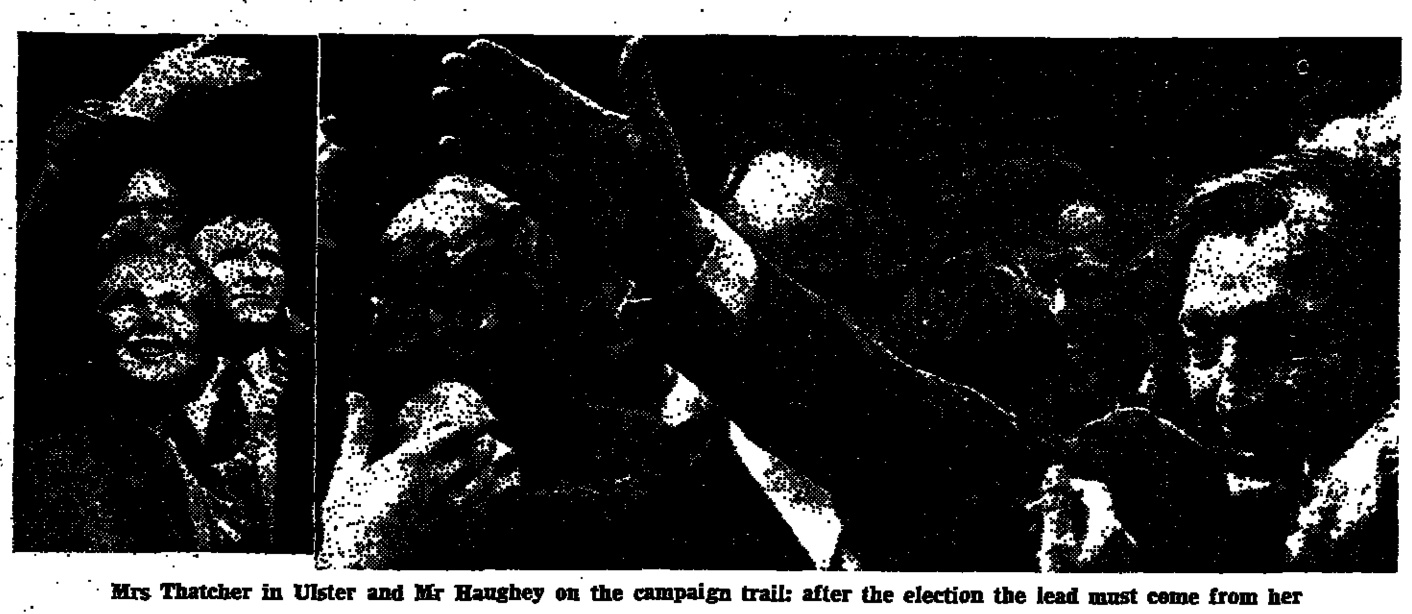
After June 11 there is nothing left to wait for. The British Government should still have a good two years to run—time enough to do something about the Irish question without getting into problems with its own electoral timetable. It was the miners' strike and the premature general election of February 1974 which contributed largely to the collapse of Mr Heath's bold attempt: the Sunningdale agreement. Mrs Thatcher need have no such obstacles.

The choice lies between taking an initiative in the next few months and carrying on as before. To accept the latter would be to accept that the Irish question is insoluble. It would mean, at best, containing the level of violence as it has been contained — with periodic exceptions—over the past decade. It would mean relying on the hope—as Mr Humphrey Atkins, the Northern Ireland Secretary, is sometimes prone to do—that somehow there will be a change of attitudes, enabling a peaceful solution, in the next generation.

At the same time, a generation of Catholics is growing up in the north without hope of any kind. In the local elections last week it was the forces of moderation which lost, both Catholic and Protestant.

Such statements are based on more than recent experiences in Dublin. As a matter of fact, the reaction in the Republic to the deaths of the hunger strikers in the Maze Prison has been remarkably muted. It is not the Irish question which is dominating the Irish election but the state of the economy.

It is true that Mr. Haughey is stressing for all that it is worth the progress made in improving Anglo-Irish relations in his talks with Mrs. Thatcher in December last year. His party manifesto begins: "Our first political priority is the achievement, by political means, of a united Ireland, in harmony and peace." and continues: "We have made clear from the outset our belief that Northern Ireland has failed as a political entity and that attempts to bring about a settlement solely within a Northern Ireland context could not succeed."



Mrs Thatcher in Ulster and Mr Haughey on the campaign trail: after the election the lead must come from her

What is striking, however, is the moderation of the language. Mr Fitzgerald talks and writes in much the same way. Indeed, it was his Fine Gael pamphlet, Ireland—Our Future Together, published in early 1979, which set the tone for much of the present dialogue. The stress is on a peaceful solution and on wooing the northern Protestant as well as the northern Catholic communities.

Mr. Haughey may have a slight edge because he is in the saddle and it was he who held the talks with Mrs. Thatcher, about which tantalisingly little has been revealed. But it is hard to find anyone who does not think he is vulnerable because of the economy.

The Irish economic miracle of the 1960s and 1970s is no longer working. Here are a few rough figures. Unemployment is more than 10 per cent. Consumer prices rose by more than 20 per cent over the past 12 months. The Irish are expecting shortly to have to pay £2 for a gallon

The balance of payments deficit this year will be about 13 per cent of the national income. The public sector borrowing requirement will amount to about 17 per cent of national income.

There are, of course, special factors. The shortage of indigenous energy resources could be rectified in the medium-term to by imminent announcements of oil finds. One factor is unique to Ireland. The Republic has the fastest growing population in Europe, and the youngest. Half the population is under the age of 25. The young no longer emigrate.

The number of those in jobs has been growing, but not fast enough to keep up with the number of those young people coming onto the labour market. What happens to Ireland depends very largely on what happens to those young people.

It is here that we come back to the Irish question. The economic situation in Ulster is incomparably worse. Indeed there could come a stage where large parts of Ulster survive economically entirely because of British subsidies. Some people might say that that stage has been already reached: witness the latest loan guarantees to the De Lorean car plant, announced just before the Parliamentary recess.

We come also to the Provisional IRA. It is a fact not generally realised in Britain that the PIRA is not aimed at the British. Ultimately the threat is aimed at the Republic. There may have been Irish economic mismanagement in recent the British. Ultimately the years, but the shadow of the threat is aimed at the Republic. gunman has its effect on investment throughout Ireland, north and south. Investment is unlikely to rise very much, even in the south, until the Irish question is settled.

It may be said—in fact, is said all the time by the civil servants involved—that the PIRA is only one part of the problem. What about the Unionist extremists in the north and the threat of a Protestant backlash, if Britain moves to accommodate Catholic and southern aspirations?

The answer to that is that the PIRA and the Unionist extremists are two sides of the same coin: equally fanatical, equally objectionable and equally to be shunned. The political problem that has to be resolved is how to remove popular support, in so far as it exists, from both of them.

There are other reasons for action. The Irish question is unique, certainly in Europe, in that it is fundamentally religious. Ireland, especially the north, is the only place that I have ever visited, where it matters, whether you are a Catholic or a Protestant and where people know at once, as if by instinct, which you are. There are parts of Ireland where the concept of liberalism with a small l has never even been planted, let alone taken root. This is in the latter part of the 20th century.

Again, continuation of the present situation does nothing but harm to Britain. The reports by the foreign media may be exaggerated, even grossly distorted, but they are nevertheless read and seen and widely believed. True, there are some burdens that have to be borne—such as conspicuous misrepresentation of what the British Government is trying to do—but do we want this to go on indefinitely?

The existing situation also costs Britain money, and money to no great effect: except containment. Moreover, it is damaging to Ireland, both north and south. No one benefits: neither the Catholics nor the Protestants, nor the British nor the Irish, and certainly not the European Community. The present state of affairs is a blot and above all an unnecessary blot, on European civilisation.

The irony is that many of the Irish people in a quiet way have begun to recognise the absurdities of the religious divide. Take the train from Belfast to Dublin (there are no air services): it is full of examples of fraternity between north and south, emotional and intellectual. Some of the northerners have begun to recognise the vitality of life in the Republic and the fact that while Ulster has declined economically, the south has grown.

At the same time, there are some in the south who recognise that the north is rightly more liberal: for example, on such matters as divorce. One of the key civil servants in Dublin working on Anglo-Irish relations is a Protestant. With greater north-south contacts, encouraged by Britain, there could be what Mr. Fitzgerald called in his pamphlet "mutually liberalising effects." The politics have not caught up with the realities.

Two points remain. One is that the lead will have to be taken by the British Government and the other is that it will have to come from the top.

It seems to me that there could be no better time than shortly after the Irish elections, and no better way than a resummoning of a conference like Sunningdale, backed this time perhaps by the presence of the European Community as aid donor for a future Ireland.

Since Sunningdale there has been one outstanding example of a conference called at the highest level, at the right time, and which worked. It was the Lancaster House Conference on Rhodesia in 1979.

Those who suggest that a conference on Ireland would be doomed by Unionist extremism have an obligation to say how long they want the present situation to continue.

One hopes that Mrs. Thatcher had similar ideas in mind when she visited Ulster yesterday. For the lead can come only from her.

Malcolm Rutherford

Letters to the Editor

Nuclear cost calculations

From Dr. R. Papadopoulos

Sir, — Your energy correspondent writes (May 21) that the Monopolies Commission severely criticises the nuclear expansion programme practised by the Central Electricity Generating Board "against all expectations." It is rather your correspondent's surprise at the criticism which runs against all expectations that he should know better.

For historical reasons nuclear electricity economics is both uncertain and unconventional. The unconventional element stems from the fact that the fission process produces not only electricity but also plutonium. The latter product though a source of strength for the nuclear industry has nonetheless been instrumental in making cost-evaluations on nuclear electricity hard to understand. This is so for a number of reasons. Let me select a few:

1—It has been reported that in arriving at the original cost-figures on nuclear electricity the Magnox reactors were credited with the plutonium they were producing. The actual credit-figure was never published.

2—The research and development costs are taken to represent 4 per cent of the total construction cost of the reactor. Assuming that the average annual investment in nuclear reactors is £1bn (which is too high a figure), £40m is allowed for R and D. Yet this country spent £600m on nuclear research and development in 1976.

3—Cost calculations are based on a 65 per cent average load factor. This was achieved by the Magnox reactors but the Advanced Gas Reactors present a different story. No adjustment has been made on account.

4—The cost-factor associated with the permanent disposal of the radioactive wastes cannot be determined before a solution to the problem has been found.

5—No thought seems to have been given to the question of how accidents, radioactive leaks, station commissioning delays and cost-overruns of the size reported affect the cost-figures on the basis of which investment decisions continue to be made.

In the light of question-marks like these one wonders if the accuracy of the cost-figures published on nuclear electricity can serve any purpose beyond underlining the technological self-confidence and the accounting skills of the nuclear industry.

(Dr) R. Papadopoulos.
Polytechnic of the South Bank,
Borough Road, SE1.

Campaign for engineers

From Mrs R. Thorley

Sir,—At the recent Association of Scientific, Technological and Managerial Staffs annual delegate conference we debated the status of professional engineers and women's rights. What a difference in attitude from the 90 per cent male and 10 per cent female delegates!—the first debate practically reverential, the second a degrading and humiliating fiasco.

As both a professional engineer and a woman, I feel it is high time that we women engineers began to tell other women what a rewarding and remunerative career can be had in many aspects of engineering.

Those of us who have had industrial, technical college and university experience could be encouraged by the engineering institutions, the CBI, and the TUC to help the scientifically able girls to see engineering as a career option. After all, the majority of girls coming into the universities to do engineering, do very well, both in their examinations and in their careers.

We also have to educate parents and peer groups of potential students not to bring pressures of a feminist nature on them. Most engineers do not get their hands nearly as dirty as a mother changing a nappy or clearing up vomit — and which noise would you rather hear, a sweetly running machine or the incessant clatter of the typewriter or data logger? Being an engineer is not an alternative to being a wife, and being a mother only holds up the career for a few years.

The engineering institutions should encourage the 500 or so female chartered engineers to stand up and be counted, to show that they are not all ogres, or unfeminine. There are many ways we can make ourselves influential — by talking to schools and women's groups, and by becoming active members of the appropriate trade union and being on trades councils.

The process has to be one of seduction; an aggressive attack will do more harm than good. We cannot go on allowing the good brains of the weaker sex to go untapped and wasted by the chauvinist attitudes of the engineering workers of this country—as they are the fathers of the potential students.

(Mrs) R. Kristina Thorley.
96, Herrick Road,
Loughborough, Leics.

Private rented sector

From the Press Officer,
Small Landlords Association.

Sir,—It is good to hear that the Government is beginning to recognise that its measures to encourage the private rented sector are making little impact (Elinor Goodman, May 23).

Every organisation representing private landlords knew that from the start. Indeed the Labour Party's official verdict on the then Housing Bill was that "it would not radically improve the landlord's position" adding that "attempts to make private landlordism economically viable would not of course be welcomed by Labour."

In order to open up the market for private rented accommodation the Government must obviously concentrate on giving reasonable conditions and realistic rents to new lets. The suggestion made by Mr Nicholas Edwards, the Secretary of State for Wales, for extending the system of assured tenancies would help towards this end.

But it will not be enough just to shame the Labour Party away from their usual ploy of threatening to overturn any new legislation. Landlords have been bitten so many times that they will want something akin to cast iron guarantees. Nor will confidence be properly restored unless steps are taken to redress the gross injustices of the past by one means or another.

This association submitted comprehensive analysis and argued proposals to the Government during the passage of the Housing Bill. Events have proved us right so Mr Edwards might like to re-examine what we put forward.

G. F. Cutting.
7 Rosedene Avenue,
Streatham SW16.

Rating reform

From Dr G. Bielstein

Sir,—It was with interest and apprehension that I read your article on rating reform (May 5) which foreshadowed switching from a rental to capital value basis. This is really too facile a means of change for change's sake without addressing the central problem of unfairness.

Ordinarily the extent of local services depends more on the number of occupants than on the value of the property occupied residentially. Non-residential property cannot, however, be neglected. But is it really so difficult to envisage a basis for rating to take these factors into account?

Starting with residential property, suppose that the value for rating were the product of multiplying the capital value by the average number of occupants normally resident. A preceding year basis could be adopted unless changes occur. The minimum number of occupants would be one and the average rounded down to the nearest whole number.

The rating value for non-residential properties could be determined similarly, except that a notional multiplier is substituted for the number of occupants according to the category and use of the property. Again a minimum of one as the multiplier could be adopted.

The present rental value basis could, of course, still be used until a change to capital values can be implemented by the valuation authority. Occupancy is by contrast not a matter of judgment or valuation and can in the first instance be related to returns for the electoral register. Just as rate demands are now largely computerised, so the additional information can very easily be assimilated. The initial input of information as opposed to normal updating, could perhaps provide something to do for those sadly unemployed school leavers.

(Dr) G. Bielstein
14 Temple Sheen,
East Sheen SW14.

Pension funds

From Mr. D. Nutting

Sir,—The director of information, Company Pensions Information Centre (May 16), in replying to a query involving redistribution of funds within a pension scheme, dealt only with the aspect of interest on the frozen pension of a departed contributor. He might care to explain what happens to the funds which will never provide the contributor with a pension, due to forfeiture.

One of the many examples would be the not uncommon scheme whereby the employer contributes two-thirds and the employee one-third: I have spent seven years in such a scheme where the inescapable rules state that if the employee leaves before ten years of service the employer's contribution is forfeit. The employer does not receive a refund. The minuscule pension I can expect at 65 was stated in fixed figures at my departure a quarter of a century ago. Who does receive any benefit from the succession of forfeitures a pension fund will experience?

D. C. Nutting.
19 Hall Place Drive,
Weybridge,
Surrey.

Civil service pay

From Mr M. Goldman.

Sir,—David Carr's letter (May 27) shows exactly why we in the private sector tend to lose patience with the pay claims of civil servants. "All we want now—is what you have had since last year!" And job security, Mr Carr failed to add, and index-linked pension!

Michael Goldman.
1, Lyndale Close,
Blackheath, SE3.

The rip-off market

From Professor P. Murphy.

Sir, — Like Mr Schurmann, I have been struck while travelling in Europe, Japan and the U.S. by the modest prices in shops, restaurants and hotels as compared with this country. In fact, I would have written to you earlier on this subject had I not been in Germany last week, where I bought a pair of good-quality trousers for £6 in a respectable department store; the best competition in Manchester is a pair of manifestly second-rate "seconds" for £12.99.

Perhaps the difference is easy to understand. A retailer could make an estimate of a reasonable profit margin on his goods; this seems to be the philosophy in some places. On the other hand, retailers in this country seem to have the attitude of charging "what the market will bear" (an expression used elsewhere in your paper on May 23 — perhaps it means "greed"). Then, having found what it will bear, they wonder whether it might not bear a little—or even maybe a lot — more. Could some economist estimate how much this behaviour contributes to inflation?

Of course, the success of the rip-off market depends on an adequate supply of suckers — to summarise in suitable pejorative terms.

(Professor) P. G. Murphy.
Department of Physics,
High Energy Group,
University of Manchester,
Manchester.

Today's Events

GENERAL

UK: Labour Party Wales conference opens, Arcadia Theatre, Llandudno (until May 30).

Institution of Electronics Exhibition opens, Ingliston Showground Edinburgh (until June 5).

Road Haulage Association convention and exhibition continues, Harrogate (until May 30).

The Queen and Prince Philip open Robinson College, Cambridge, and the Edinburgh Building of Cambridge University Press.

Open Air Theatre opens, Regents Park, NW1 (until August 29).

Prince Charles attends Royal Gala Variety Show, Grand Theatre, Blackpool.

Everest Double Glazing International Showjumping opens, Hickstead, West Sussex (until May 31).

The Richmond Festival opens, Richmond, Surrey (until June 21).

Overseas: Herr Willy Brandt's North-South Commission meeting continues, West Berlin (until May 31).

Sir Ronald Gardner-Thorpe, Lord Mayor of London, visit to Houston, Texas, continues (until May 31).

COMPANY MEETINGS

Henry Boot, Banner Cross Hotel, Sheffield, 12. Catalin, Farm Hill Road, Waltham Abbey, Essex, 12. Expanded Metal, Institute of Directors, 118 Pall Mall, SW, 12. Walter Lawrence, Lawrence Social Hall, Sheering Mill Lane, Sawbridgeworth, Herts., 12. Photax (London), Brampton Road, Hampden Park, Eastbourne, 12. Ready Mixed Concrete, Carlton Tower Hotel, Cadogan Place, SW, 11.30. Steel Brothers, Sondes Place, Westcott Road, Dorking, Surrey, 12. Ultramar, Great Eastern Hotel, Bishopsgate, EC, 11. Websters Group, Winchester House, 77 London Wall, EC, 12. Whatman Reeve Angel, Great Eastern Hotel, Lverpool Street, EC, 12.30.

COMPANY RESULTS

Final dividends: Capital and Counties Property. Minster Assets. Interim dividends: Wolverhampton and Dudley Breweries.

LUNCHTIME MUSIC, London

Organ recital by Peter Goodman, St. Paul's Cathedral, 12.30 pm.

UK COMPANY NEWS

Courtaulds plunges to £5m: pays token 1p

EXTREMELY difficult trading conditions at home and abroad and the impact of the strong pound, particularly on textile imports and exports, plunged pre-tax profits of Courtaulds from £68.1m to £5.1m for the year to March 31 1981.

A substantial programme of closures of loss-making units was carried out during the year at a cost of more than 20,000 jobs and extraordinary charges of £97.6m, the directors state.

They are recommending a token dividend of 1p net for the year—the interim was omitted—but say they are confident that the actions taken have improved the group's future earning power. Dividends last year totalled 5.562p.

At halfway the pre-tax profit was down from £30.2m to £2.8m.

The pre-tax surplus for the full year included associates of £4.8m (£6.1m) and was struck after interest charges net of investment income of £29.5m (£26.3m).

At the trading level, overseas profits were only marginally lower at £40.7m (£41m), but in the UK there was a loss of £10.9m compared with a profit last time of £47.3m.

On a CCA basis, there was a pre-tax loss of £24.8m against a surplus of £22.9m.

External sales fell from a total of £1.82bn to £1.71bn, with UK sales down from £914.4m to £841.8m and UK exports from £492.9m to £414.3m.

After lower tax charges of £12.1m against £20.3m the group made a net loss of £7m compared with a profit of £47.8m.

Minorities' profits took £9.5m (£8.9m) and the stated loss per 25p share before extraordinary items was 6.076 against earnings of 14.202p.

After the extraordinary debit of £97.6m (£2.4m) the attributable deficit emerged at £114.1m (£36.5m profit). The dividend absorbs a further £2.8m (£23.5m).

The directors of the group, which has interests in man-made fabrics, chemicals, paint, pulp, packaging, plastics and engineering, say priority was given to conserving cash and the overall inflow achieved was £70.4m against 1979-80 outflow of £23.2m.

Although shareholders' funds fell by £131.9m to £378.8m the net debt to equity ratio improved slightly to 34-66.

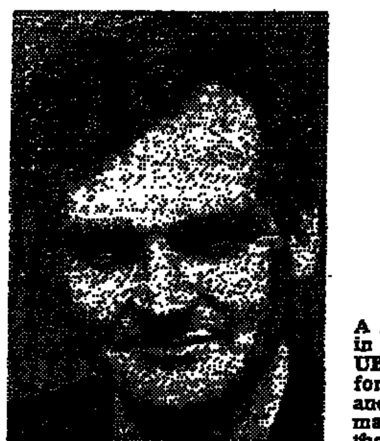
With excellent overseas results more than compensating for the effects of recession on parts of the UK business, pre-tax profits of International Paint Company, a Courtaulds subsidiary, went ahead from £20.4m to £23.4m in the 12 months to March 31.

A final dividend of 2.545p raises the net total from 5.354p to 5.007p. Stated earnings per 25p share rose from 17.82p to 18.9p.

The strong cash position was further improved, state the directors. New investment during the year included the acquisition of a majority holding in a Brazilian powder coatings company and the establishment of a joint venture company in South Korea.

Sales improved from £239.5m to £267.6m.

Lex, Back Page



Mr Christopher Hogg, chairman of Courtaulds

Recession has severe impact on UBM profits

A DROP from £12.37m to £2.67m in pre-tax profits is reported by UBM Group, builders' merchant, for the year to February 28 1981 and Mr Michael Phillips, chairman and managing director, says the recession in the UK had a severe impact on all the group's businesses.

Sales declined from £269m to £231m. The final dividend is reduced from 3.5p net to 1p making the total 3p against 5.5p.

Mr Phillips says the rate of decline in sales and profits was very steep and started almost coincidentally with the year now being reported. The group's major profit earner, its merchant division, experienced the most difficult trading conditions since the group was formed.

He says that although very considerable cost savings were achieved both in the year and in the preceding year, these were insufficient to compensate for the loss of sales volume in this division.

The glass division also suffered from the general decline in the building, home improvements and glazed insulation markets. The scaffolding division performed well in increasingly difficult trading conditions and achieved a profit not substantially less than that for the previous record year. During the concluding months of the financial year, however, trading has become noticably more difficult and this trend is likely to continue throughout most of the current year, he says.

The plight of the motor trade inevitably badly affected the motors division. There was a worthwhile increase in profits from overseas operations.

Mr Phillips says it is extremely difficult at this stage to forecast when the recession will start to turn. The outlook for businesses in the sectors in which UBM operates is not good.

There was a tax charge for the year of £743,000 against £4.55m. Rents payable amounted to £1.07m net (£1m), and interest charges were down from £2.56m to £1.72m. There was an extraordinary credit of £186,000 (debit £445,000). After dividends, which absorb £1.78m (£3.25m), retained earnings dropped from £4.13m to £334,000. Stated earnings per 25p share fell from 14.1p to 3.3p.

There was a pre-tax loss of £300,000 (£6.9m profits) on a CCA basis.

● comment

In the years before UBM finally produced the upturn which it always claimed that it could achieve, the shares were bought almost exclusively for income. The decision to cut the dividend, therefore, will come under more than usual scrutiny. The group has never made any secret of its volume sensitivity and, after a year when throughput in most major areas has been slashed by as much as a third, the consequences for dividend cover were only too predictable. It is, however, cutting on the basis of a very strong balance sheet (now 8.7 per cent geared) which highlights the group's own gloomy expectations for activity levels throughout the current period. UBM makes the reasonable point that its profits should have been approaching £20m on anything like 1979 demand levels but, tied so closely to the UK construction cycle, it acknowledges that it can expect only one strong year in five and perhaps two other reasonable years within that period. The point, then, is whether this is the correct platform on which to base income recommendations. At 61p down 7p yesterday, the shares are now offering 7.1 per cent historically, and in the light of the very poor second half, probably prospectively. That suggests further potential weakness although UBM's work to improve operating returns and to cut out its peripheral activities has, in all fairness, been well received.

Wm. Press finishes £1.6m ahead after recovery in second half

A SHARP improvement in second-half profits enabled William Press and Son to recover the £1.52m midway shortfall and to finish 1980 ahead from £6.63m to £8.23m pre-tax, on higher turnover of £252m, against £227m.

Tax charge was up from £1.99m to £2.46m, after UK stock relief and including overseas tax of £512,000. Minorities took £324,000 (£84,000), but there was a special tax credit of £4.92m this time being the release of deferred tax no longer required.

Extraordinary debits were £2.2m (£2m) and comprised the cost of the discontinuance of some operations, service facilities and establishments, and the reorganisation of other parts of the business.

Stated earnings per 5p share, before the special tax credit and extraordinary items, rose from 3.78p to 4.54p. Dividends totalling 1.38p (1.2p) net for the year have already been announced.

Retained profits emerged well up at £6.5m, compared with £1.09m.

Net cash balances at December 31 1980 amounted to £9.56m. The net cash outflow since the previous year end was due to the utilisation of the special contract down-payment of £5m, which was received towards the end of 1979, and expenditure incurred in financing certain large contracts.

The provision with regard to the alleged tax offences, claims and ancillary costs, remains as reported in the 1979 accounts.

● comment

As part of its scheme of arrangement setting up a new holding company, William Press declared a second interim dividend on the old operating company shares two weeks before publishing its preliminary results. The 13 per cent rise in what is effectively the final dividend was a clear indication that the group's profits were going to show some improvement after the drastic decline in 1979. In the event, second-half profits were up more than a quarter on turnover ahead 15 per cent. The improvement is mainly on the construction side both in the UK and abroad but there was also loss elimination at Worley. However, the group still has a long way to go to match 1978 profits of £12.7m. The current year has started off slightly better than last year but the order intake is not improving much and competition is so keen that customers are reluctant to make progress payments, thus forcing the group to use its own cash reserves to finance contracts. At 66p, up 2p yesterday, the shares yield only 3 per cent and stand on a fully taxed p/e of 11, supported perhaps by lingering bid speculation.

London Sumatra lower at £9.2m

PRE-TAX PROFIT of London Sumatra Planatations in 1980 slipped from £9.82m to £9.21m on turnover also down from £19.79m to £19.61m.

At the half year stage this holding company which owns plantations in Indonesia and Malaysia, made a pre-tax profit of £4.35m (£4.47m) and turnover stood at £9.07m (£8.63m).

The directors have recommended a maintained final dividend of 6p per 10p share making a same again total of 8p which absorbs £1.28m. The stated earnings per share, based on group profit before tax, are 36.23p (35.45p).

The profit before tax was made up of a trading surplus in Indonesia of £7.62m (£8.29m), in Malaysia of £327,000 (£520,000) and investment income of £1.25m (£1.01m).

After UK tax of £787,000 (£616,00) and overseas tax of £2.65m (£3.55m), the amount attributable came out at £5.77m (£5.32m). Last year there was an extraordinary debt of £334,000.)

Warning of Lonrho threat to Fraser

SHAREHOLDERS OF House of Fraser have been warned that Lonrho, the store group's largest shareholder, may vote against the re-election of directors at the group's annual general meeting.

The warning was made in a letter to shareholders by Professor Roland Smith, the newly appointed chairman who earlier this year deposed Sir Hugh Fraser in a boardroom battle. His appointment has to be confirmed by re-election at the annual general meeting in Glasgow on June 25.

Professor Smith tells shareholders that "you will know there are serious disagreements between the majority of the board and Lord Duncan-Sandys, "chairman of Lonrho, and Mr. Tiny Rowland, Lonrho's chief executive, who both have seats on the Fraser board.

He urges shareholders to vote in favour of all directors coming up for re-election.

Since Lonrho, which controls nearly 30 per cent of the votes of the company, "may choose to exercise these votes against the re-election of some or all of those directors who form the majority on your board, it is important that all shareholders do vote."

Other directors who come up for re-election are Mr A. P. Humphries, Mr N. H. Powell, Mr Ernest Sharp, who joined the board last year, and Mr W. A. Craddock.

Lord Duncan-Sandys and Mr Rowland also come up for re-election.

Lonrho's bid for House of Fraser is still being studied by the Monopolies and Mergers Commission.

The latest report and accounts show that there was a net gain realised on the sale and lease-back of the D. H. Evans Oxford Street store of £18.1m less £489,000 "which was the cost of the extraordinary general meeting requisitioned by Lonrho," when it opposed the deal.

Net current assets increased by £16m to £129.6m, Professor Smith tells shareholders in his annual statement. The profits retained in the business amounted to over £32m.

Total net borrowings as a percentage of shareholders' funds "were as low as 9 per cent at the year-end."

All group properties have been revalued as at January 31 1981. The revaluation figure of £337m produced a surplus over book values of £188m, which has been credited to reserves. The resulting net asset value per ordinary share is now over 305p.

Normand dives £1m and no final

A SEVERE shortage of orders in the second six months of the year ended February 28, 1981 was reflected in a near £1m dive in year-end pre-tax profits of Normand Electrical Holdings, maker of electric motors, gear boxes and electronic and marine equipment.

After charging interest of £322,000 (£300,000) and redundancy costs of £129,000 this time, taxable surplus slumped from £1.3m to £322,000 for the year. At midway, profits were down from a restated £653,000 to £406,000.

Orders continue to be very hard to find and the directors say there is no obvious sign of recovery in the market place. While efforts are being made to generate new business in the UK and overseas, prospects for the first half of the current year are not encouraging.

No final dividend is declared, leaving the interim of 1.0927p net to compare with the previous year's total of 3p per share.

A series of rigorous cost reduction programmes have been implemented and these have had a direct impact on numbers employed with resulting redundancies. Investment in machine tools and research has however been sustained.

Cash resources have been very closely controlled and as a result borrowings have not been unduly affected.

Turnover for the 12 months dropped from £16.36m to £13.92m. Last year's figures included results of Greenham Marine which was sold on February 22 1980.

There was a tax credit of £776,000 (£316,000 charge) including a £789,000 (£335,000) write-back of deferred tax. Stated earnings per 20p share before the write-back, were 3.2p (7.1p).

On a current cost basis, a pre-tax loss of £223,000 was incurred.

Philip Hill near £9.4m

Revenue before tax of Philip Hill Investment Trust increased from £7.96m to £9.39m for the year to the end of March 1981.

The directors have recommended an increased final dividend of 4.3p (3.9p), making a net total payment for the year of 6.1p (5.5p excluding a special payment of 0.38p).

Gross revenue rose from £9.76m to £10.71m. Interest and administration expenses accounted for £1.33m (£1.8m) and tax took £3.21m (£2.52m).

Earnings per 25p share were shown higher at 6.34p (5.59p) and the net asset value per ordinary share was 164.8p compared with 117.2p.

After dividend payments of £5.95m (£5.35m) the net revenue retained was £233,000 (£88,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Allied Leather Ind.	3.75	July 8	3.25	5.5	5
Henry Ansbacher	0.15	—	0.15	0.15	0.15
British Syphon Ind.	1.3	July 6	2.7	2.6	4
Brunning Group	2.45	—	2.45	4.03	4.03
Buckley's Brewery	1.65	—	1.65	2.35	2.35
Joseph Causton ...int.	0.78	July 3	0.78	—	2.01
Chapman (Balham)	4.5	July 16	3.8	6.5	5.43
Courtaulds	1	July 27	5.67	1	8.56
English & Intnl. Tr.	4	July 27	3.5	5.5	5
Extel Group	5.75	July 27	4.75	8	7
Findlay Hardware	nil	—	0.5	nil	1
Helical Bar	1.75	July 13	1.E5	2.75	2.75
Int. Paint	2.55	Aug. 6	2.18	5.01	4.35
Maurice James	1	—	nil	0.75	1
London Sumatra	6	July 22	6	8	8
M & G 2nd Dual Tst.	3.5	—	3.25	7.8	7.05
Normand Electrical	nil	—	1.91	1.09	3
Philip Hill Inv. Tr.	4.3	July 30	3.9	6.1	5.5
Prop. & Reversionary	2	—	1.55	3	2.55
Pyramid	2.22	—	2.22	2.8	‡6.3
UBM Group	1	July 17	3.5	3	5.5
Greenall Whitley ...int.	1.63	—	1.5*	—	3.12*
Greenall Whitley 'A int.	0.33	—	0.3*	—	0.63*
Young Brewery	3	—	2.2	5.5	4.3

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Including special of 3.5.

British Syphon slips to £1m and cuts dividend

Taxable profits of British Syphon Industries slipped from £1.31m to £1.01m for 1980 in spite of being up from £535,000 to £802,000 after the first six months.

Turnover of the group, which is involved in the manufacture of beer and soft drinks cooling and dispensing equipment, soda water syphons and plastics and industrial merchanting, increased from £26.84m to £31.51m.

The directors have proposed a reduced final dividend of 1.3p (2.7p), making a net total payment for the year of 2.6p (4p).

Commenting on the figures, the chairman says only a modest increase in sales is needed to restore profitability to reasonable levels.

He says the company has taken advantage of every opportunity ot improve its efficiency so that it will be in a good position to benefit from any upturn which may occur.

The pre-tax surplus was struck after a special credit of £300,000 (nil) and increased interest charges of £856,000 (£526,000).

Tax took £107,000 (£196,000) and the profit attributable to shareholders emerged down at £528,000 (£993,000) after an extraordinary debit of £376,000 (£117,000). Earnings per 20p share fell from 12.55p to 9.06p.

After current cost adjustments, the pre-tax profit was reduced to £350,000.

ANGLO METROPOLITAN

Anglo Metropolitan Holdings' interest of Britannia Arrow Holdings is 652,498 shares (11.05 per cent) following purchases of 30,000 shares on May 12, 30,000 on May 15 and 25,000 on May 19.

Full year losses for Findlay Hardware

A pre-tax loss of £397,000 compared with profits of £211,000, is reported by the Findlay Hardware Group, investment holding company, for 1980. No dividend is being paid for the year against a 0.5p final and a total of 1p in 1979.

Turnover fell from £16.45m to £15.86m

Mr T. Barker, the chairman, says the action taken over the past 18 months to lower its working capital requirements has resulted in a reduction in the group's overall borrowing from £3.67m at the end of 1979 to £2.89m at the end of 1980.

The current year has started slowly, he says, but the performance since February has resulted in a very substantial reduction in the level of monthly losses. Mr Barker expects the group to return to profitable trading in the second half.

Torday slides to £485,000

PRE-TAX profit of Torday dived from £986,705 to £485,129 in 1980 on turnover up from £4.71m to £5m.

Dr. L. Torday, chairman, says that the results of this marine engineering, copper foil, process safety equipment and electroplating group were adversely affected by the recession and the strong pound. However the directors have decided to recommend a maintained dividend for the year of 10.6p per 10p share with a final of 6p.

Looking to 1981 Mr. Torday says he anticipates it will be another frustrating year, but expects the group will lay the foundations for "the turnaround thereafter."

The profit before tax was struck after net interest charges of £22,162 (£21,694) and tax took £85,098 (£71,299 credit) leaving an attributable surplus of £400,031 (£968,004).

The earnings per share are shown lower at 26p (62.9p). Torday's shares are traded on the over-the-counter market made by M. J. H. Nightingale and Co.

Twinlock falls £97,000 at year end

A return to profitability in the second six months to February 28, 1981 eliminated the first-half losses at Twinlock, maker of loose leaf equipment, systems and filing products. But with second-half profits virtually unchanged at £480,000, against £479,000 last time, the full year pre-tax surplus was down from £238,000 to £141,000.

Sales for the year dropped from £31.25m to £28.79m, while pre-interest profits fell by £0.17m to £1.44m. After all charges, there was a retained profit of £82,000, against a £251,000 loss. Again no dividend is declared.

Stringent economy measures were taken throughout the group and a major re-organisation was carried out in the UK and abroad. Borrowings were cut by more than £3m, while shareholders' funds were strengthened.

The company's shares are traded by M. J. H. Nightingale and Co.

UK COMPANY NEWS

Sir Joseph Causton profits improve by 26%: payout held

N THE half year to the end of March 1981 Sir Joseph Causton and Sons increased its pre-tax profit by 26 per cent from £502,000 to £632,000 on turnover up from £7.02m to £7.69m.

Mr. Christopher Bland, chairman of this lithographic and letterpress printer and stationer, says these results are excellent, with good performances by all the group's divisions.

Hunkydory Designs which was acquired by the group in October, comfortably exceeded its profit budget for the six months.

The outlook for the next half year is uncertain, he says. The market for commercial colour print remains highly competitive, there is no sign of an economic up-turn and there is short time working at Sir Joseph Causton and Sons (Eastleigh). However the long term prospects for the group are good, he reports.

The directors have declared a maintained interim dividend of 1.7836p net per 25p share which absorbs £84,000. Last year a total of 2.0111p was paid, when pre-tax profit came out at £834,000 (£775,000) on turnover of £14.25m (£13.1m).

The pre-tax profit for the six months was struck after interest charges of £96,000 (£68,000). Tax took £201,000 (£165,000) and there was an extraordinary debit of £51,000 (£8,000) for the net cost of factory closure, reorganisation and redundancy costs less tax relief.

The retained earnings emerged at £296,000 (£246,000).


Mr Christopher Bland: "excellent results but outlook uncertain"

● comment

For the first six months, at any rate, Causton has continued to trade much more profitably than general trends in the printing industry would lead one to expect. Last summer's redundancies at Eastleigh brought the colour printing operation into profit, the diary publishing company made its full annual contribution, and the first six months' profit from Hunkydory exceeded financing costs. But Causton's 26 per cent increase in first-half profits cannot be casually projected over the remainder of the year. Short-time working has reappeared at Eastleigh, and the Couchman subsidiary will probably do no more than break-even in the second half once it stops printing the Stock Exchange Weekly Intelligence (the daily Official List is already being produced elsewhere by new techniques). However, even a repeat of last year's disappointing second half would push the pre-tax over £1m, for a modest enough prospective p/e on yesterday's price of 32p (up 1p) of about 7. The historic yield is 9.2 per cent.

Extel rises £0.5m after midway slip

A STRONG second-half recovery lifted pre-tax profits of Extel Group, formerly the Exchange Telegraph Company (Holdings), from £3.11m to £3.58m in the year ended March 31 1981.

At mid-year this specialist news agency, printer, telecommunications and advertising group reported a downturn from £1.41m to £1.2m, but the second-half surplus of £2.38m was 40 per cent up on the corresponding period in the previous year.

The net dividend is stepped up from 7p to 8p with a final of 5.75p.

The pre-tax surplus, which is reduced to £2.82m (£2.43m) on a CCA basis, included the associates' share of £327,000 (£145,000) and was struck after interest charges of £951,000 (£518,000).

Stated earnings per 25p share are slightly lower at 17.9p (18.4p) after tax of £1.84m (£1.35m). The tax charge this time includes the reinstatement of £638,000 deferred tax for a subsidiary, offset by a £323,000 stock relief release.

Minorities' profits accounted for £28,000 (£24,000) and there were extraordinary debits of £742,000 (£155,000), comprising £660,000 for redundancy and other costs of the rationalisation of printing capacity and £82,000 expenses on the sale of a leasehold property. Dividends absorbed £785,000 (£658,000), leaving the unappropriated surplus £730,000 lower at £188,000.

Mr Alan B. Booker, chairman, says most areas of the group's business improved in the second half.

Full-year results of the printing division, including Robert Stace and Clout and Baker, acquired last November, were notably good, he adds, with turnover up from £12.36m to £17.34m and trading profit from £327,000 to £1.6m.

Financial and sporting news services produced turnover of £15.17m (£12.26m) and a trading profit of £1.56m (same); advertising and public relations £50.44m (£44.2m) and £433,000 (£1.12m) and other interests £3.39m (£3.25m) and £615,000 (£476,000).

Total turnover, including advertising billings, amounted to £86.34m (£72.06m) and trading profit £4.21m (£3.48m).

● comment

Extel Group bounced back from its half-time reverse, surprising the market agreeably with pre-tax profits 15 per cent ahead. The shares responded by climbing 24p, to 212p, where the increased dividend yields 5¼ per cent and the earnings multiple is just over 12 on a fully-taxed basis. A rise of a fifth in trading profits has been achieved despite a much smaller surplus from Royds Advertising; to be a specialist in advertising company results when corporate profitability is falling, and in recruitment advertising as unemployment rises, is not a happy niche to fill. But the Extel printing companies were mostly more fortunate in their specialities, and (along with Robophone) provided almost all the growth. Although Lewes Press had to be closed, Burrups had a good year, as the large crop of takeovers and new issues called for a high volume of financial circulars. The two printing companies acquired from Decca added a further £0.3m before interest, expanding the product range and increasing Burrup's flexibility. Profits from Extel's news services dipped marginally even though turnover rose by 24 per cent the provision of sporting information on Prestel as yet remains something of a corporate luxury, written off at the trading level as a development expense.

Buckley's Brewery steady

After a marginal rise from £497,935 to £510,677 at midway, Buckley's Brewery finished the year to March 28 1981 with a pre-tax surplus of £1.02m—the same as a year earlier.

A lower tax charge of £187,798 against £410,278 has lifted earnigs per 25p share from a stated 5.7p to 7.6p, and the dividend is held at 2.35p net with a final of 1.65p.

Attributable profits rose to £814,728 (£606,107) or £588,083 (£413,581) on a CCA basis.

Maurice James edges ahead and pays 1p

Taxable profits of Maurice James Indsutries improved from £614,000 to £630,000 in 1980, despite a much reduced contributio nfrom its capital engineering goods subsidiary. On a CCA basis the surplus was £429,000.

The directors expect profits to be satisfactory this year, although interest charges will be higher because of last August's capital reduction and loan note repayment, which cost £1.8m.

The dividend for the whole of 1980 is 1p net—last year a single payment of 0.75p was made at the interim stage.

The contribution from Joshua Bigwood and Son, which makes capital goods for the engineering industry, plunged from £263,000 to £57,000 during the year. This subsidiary has continued to experience difficulties in 1981 but strenuous efforts are being made to improve the situation by stringent economies and greater productivity, say the directors.

Trading profits of the group's other subsidiaries, whose activites include wasted isposal, export packaging and storage and property, were satisfactory, they add.

Tax took £37,000 (£133,000) and minorities £7,000 (£3,000). After an extraordinary credit of £214,000 (£19,000 debit), the retained surplus was £667,000 (£359,000).

Earnings per 10p share are shown up from 3.6p to 4.4p. Turnover fell from £9.45m to £7.44m.

Young's Brewery shows little change at £1.56m

A BETTER second-half performance left Wandsworth-based Young and Company's Brewery with taxable profits for the year to March 31 1981 virtually unchanged at £1.56m, against £1.55m previously.

After a tax credit for the year of £241,581 (£50,098 charge) stated earnings per 50p share increased from 22.35p to 27.14p. The dividend is stepped up from 4.3p to 5.5p, with a net final of 3p (2.2p).

Turnover advanced from £20.59m to £23.72m.

A professional revaluation of the company's freehold and leasehold properties resulted in a surplus of £28.71m, which has been incorporated in the accounts.

● comment

Young and Company has begun to shrug off the effects of its high interest charges so profits, down £200,000 at the interim stage, have caught up to the extent that the full year is just about unchanged at the pre-tax level. Volume, despite the national pattern, has held up well, and the impact of London lager is beginning to make itself felt. Young says that lager production now accounts for about a third of the total but expansion here will nevertheless still impinge on the p and l this year as a result of the cost of funding the extra lager facilities commissioned last autumn. For the current year, the group is happier with the rents charged to tenants and believes that it will be better placed to exploit the relatively wider margin on retail sales where it expects to add to its managed outlets, now accounting for 31 from a total of 139 pubs. The property revaluation may add support to the shares, the "A" climbed 9p yesterday to 226p, although the increased dividend offers little more than notional incentive at a yield of only 3.5 per cent. The regional brewers, not least Young, have demonstrated marketing flair, volume resilience and brand loyalty, which the nationals can only envy. In the first half outcome will look comparatively brighter than last year's dismal summer but the foreseeable demand picture precludes much organic growth.

Allied Leather decreases

Profits before tax of Allied Leather Industries slipped from £1.85m to £1.67m for 1980 on turnover up from £23.58m to £25.04m.

The group, which is involved in leather tanning, shoe repairing and retailing leather and travel goods, is paying an increased final dividend of 3.75p (3.25p), making a net total payment of 5.5p (5p).

At the halfway stage, group profits had fallen from £592,000 to £491,000.

Tax took £480,040 (£998,827), after crediting deferred tax no longer required of £1.61m (£214,879), and there was an extraordinary debit of £9,805 (credit £86,347).

Earnings per 25p share, excluding the tax release, emerged higher at 55.88p (39.54p).

After current cost adjustments, the pre-tax profit was reduced to £1.04m (£1.02m).

Costain Group expects higher sales in 1981

'OR 1981, in spite of continuing ecession, Costain Group should ubstantially increaset its turnover, helping it to maintain the high level of profit of the past ew years, Mr C. T. Wyatt, the ew chairman, confirms in his nnual statement.

In 1980 in a demanding nvironment the participation f shareholders in terms of dividend and retained funds has een usefully increased, he says.

The group, international contractors with interests in contruction, engineering and roperty, has a satisfactory level f work in the UK and has been uccessful in obtaining additional contracts overseas.

Recent acquisitions in Australia, a strong growth area, in the I.S. and Europe are making a ontribution to turnover and arnings, he adds.

As reported on May 12 group re-tax profit fell from a record 47.65m to £42.55m in 1980. The et dividend total is raised from p to 10p a 25p share.

CHANGE WARES

The capital reduction which ormed part of proposals for the apital reconstruction of Change Wares has been confirmed by he High Court and has now beome effective.

Accordingly, the capital has ow been restructured such that every 10 preferred shares have been consolidated and converted into one 20p ordinary share and every 20 of the 10p ordinary shares have been consolidated into one 20p ordinary share.

Proposals amending the borrowing limit contained in the Articles of Association were approved at an extraordinary general meeting.

FENCHURCH INS.

The insurance broking arm of Guinness Peat, Fenchurch Insurance Holdings, has opened an office in Brussels as part of its international expansion plan. Mr. Cyrille Gistelinck and Mr. Frank de Maere have been appointed joint managing directors of the new company, Fenchurch Europe Insurance Brokers NV.

MAYFAIR BUYS ISS VENDING

The Mayfair Group, a UK cigarette vending operation and a subsidiary of Gallaher, has acquired ISS Vending Group, a subsidiary of Rothmans International at a cost of £1.5m plus the value of net current assets. The enlarged group will serve its customers from over 50 branches in England, Scotland and Wales.

Companies and Markets

UK COMPANY NEWS

Ansbacher Holdings confident of expansion

PRE-TAX profit of Henry Ansbacher Holdings, merchant banker, rose from £814,000 to £867,000 in the year to end of March 1981 and the directors have recommended a maintained final dividend of 0.15p per 5p share.

They report they are confident of the group's capacity to expand further along sound and profitable lines.

Tax for the year took £195,000 (£163,000) including £126,000 (£90,000) for overseas. The attributable profit emerged at £809,000 (£785,000) after minority interests of £4,000 (£8,000) and extraordinary credits of £141,000 (£142,000).

The earnings per share are stated at 0.68p (0.66p).

Henry Ansbacher, a recognised bank, is the principal subsidiary of the group. It has benefittted from high interest rates, increased commercial lending, the growing activity of its corporate finance department and good results from its Guernsey subsidiary, the directors say.

New ventures during the year have been the creation of Ansbacher Leasing, and the formation of Smith Rea Energy Associates aimed at providing a full range of services to the energy and energy related industries.

Pyramid Group advances to £224,000

PRE-TAX profit of Pyramid Group (Publishers) advanced in 1980 from £210,788 to £224,387 on turnover also up at £1.47m, compared with £1.42m.

The directors of this publisher, advertising contractor and printer have recommended a maintained final dividend of 2.223p per 10p share, making a same-again total of 2.8p: last year a special dividend of 3.5p was also paid.

The profit before tax includes interest receivable of £107,964 (£85,003), and tax took £100.152 (£113,202).

After an extraordinary credit of £78,458 (£78,456) and minorities of £1,249 (£275) the profit attributable emerged at £201,444 (£175,767).

Earnings per share are stated at 6.15p (4.9p) before the extraordinary item and at 10.07p (8.8p) after it.

Improvement in second half lifts Tranwood

Improved trading in the second half increased taxable profits of Tranwood Group, manufacturer and distributor of hosiery and associated products, from £115,242 to £129,228 for the year to the end of January 1981 on turnover up from £6.36m to £6.61m.

After the first six months, group profits had fallen from £27,000 to £11,000 on turnover of £2.82m (£3.11m).

For the fifth consecutive year, however, the directors have proposed no dividend.

There was a tax credit of £104,167 (charge £57,000) after crediting a deferred tax provision for stock relief of £110,000.

After minority interests of £90,577 (£22,192) and an extraordinary debit of £5,964 (£5,545 credit) the deficit carried forward by the group was reduced from £560,085 to £423,231.

Earnings per 5p share were shown higher—basic at 0.825 (0.37p) and diluted at 0.95p (0.57p). The deferred tax provision has been excluded from the calculation.

FITZROY RECEIVER

Chartered accountant Mr Ian Phillips of Bernard Phillips and Co has been appointed Receiver of Fitzroy Investment Company and its subsidiary.

SPAIN

May 28	Price %	+ or –
Banco Bilbao	302	
Banco Central	355	
Banco Exterior	292	
Banco Hispano	282	
Banco Ind. Cat.	123	
Banco Santander	330	
Banco Urquijo	185	–1
Banco Vizcaya	219	
Banco Zaragoza	250	
Dragados	180	–2
Espanola Zinc	79.5	+1.5
Fecsa	68	+0.5
Gal. Preciados	49	–1
Hidrola	71.7	–0.3
Iberduero	60	–0.2
Petroleos	111.7	+2.2
Petroliber	93	+1
Sogefisa	71	–2
Telefonica	66.5	+0.5
Union Elect	72	+0.3

Greenall Whitley up 8.2% half-time

BREWING results achieved by Greenall Whitley and Company in the half-year ended March 27 1981 are considered satisfactory in the current climate, but other sections of the business have been disappointing.

Total beer volume sales show a slight decline over the corresponding period but the performance "is above average for the brewing industry in general," the directors claim.

Brewing results improved and so helped the overall profit before tax to be increased by 8.2 per cent to £9.66m in the period. In some other activities, particularly soft drinks, spirits and hotels, the figures have not kept pace with expectations and have shown a downturn.

The half-year profit was struck after higher repairs, depreciation and interest payable. The surplus on disposal of properties was unchanged while interest received came out lower.

Adjusting for a scrip issue the interim dividend on the ordinary shares is lifted from 1.5p to 1.6275p and on the "A" ordinary shares from 0.3p to 0.3255p. Totals for the 1979-80 year were 3.125p and 0.625p respectively, paid from a pre-tax profit of £20m. For the half-year earnings were 5.56p (5.13p) on the ordinary and 1.11p (1.03p) on the "A" ordinary.

The group's public houses, hotels and off-licences cover an area from the Scottish borders to Coventry and from Holyhead to Skegness.

Mr Christopher Hatton, chairman, says despite the difficulties the group is in a strong financial position and is continuing with its substantial investment programme. He points to the increases in excise duties over the last 12 months, the recession and the continued high unemployment in the North West as obstacles to trade.

	Half year 1981 £000	1980 £000
Turnover	96,314	88,381
Trading profit	15,159	13,432
Repairs	2,744	2,216
Depreciation	2,234	1,957
Interest payable	1,239	1,160
Interest receivable	76	193
Properties surplus	648	644
Profit before tax	9,668	8,936
Taxation	3,300	3,056
Pref. dividend	194	194
Available ordinary	6,172	5,686
Interim dividend	1,806	1,661

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BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims — Associated Sprayers, Dentsply, Wolverhampton and Dudley Breweries.

Finals—Capital and Counties Property, Barlows, Philip Hill Investment Trust, Minster Assets.

FUTURE DATES

Hanson Trust	June 10
Keystone Investment	June 3
Westland Aircraft	June 10
Finals:—	
BPB Industries	June 24
Brown (N.) Investments	June 5
Capper-Neill	June 9
Cultra Guard Bridge	June 4
Dunhill (Alfred)	June 3
LCP	June 9
MK Electric	June 16
Mountview Estates	June 3
Northern Securities Trust	June 18
Ocean Wilsons	June 23
Valor	June 11

Chapman over £1.2m and lifts dividend

A FINAL dividend increased from 3.8p to 4.5p is announced by Chapman and Co. (Balham), maker of envelopes. This gives a total of 6.5p for the year ended March 28, 1981, compared with 5.426p the year before.

Second half profits have reached £659,000 to produce a year's total of £1.23m, against £862,000 in 1979-80. An adjustment has been made to prior year's accounts in respect of the basis of accruals amounting to £81,000 after tax—£73,000 refers to years ending prior to March 1980.

Actual earnings per share are shown at 29.8p after a tax charge of £510,000 (38.7p including a tax credit of £67,000). Taking a notional full tax charge, earnings are 24.5p (17.2p).

	1980-81 £000	1979-80 £000
Turnover	12,994	11,394
Trading profit	1,325	978
Net interest paid	99	116
Profit before tax	1,226	862
Tax charge	510	*67
Net profit	716	929
Extraordinary items	†231	—
Dividend	156	129

* Credit. † Costs arising from rationalisation of production facilities in April 1981.

A revaluation of group properties at March 28 has produced a surplus over book values of £1.76m, after due provision for tax. This surplus, and CCA information, will be incorporated in the full accounts.

Brunning moves into loss but maintains payment

FOR THE year ended March 31, 1981, the Brunning Group of advertising agents has run into a pre-tax loss of £244,000 after charging interest. This compares with a profit of £552,000 in the previous year, but the dividend is held at 4.025p with a final of 2.45p.

The directors state that corrective action taken during the year suggests an improvement for 1981-82. And it is a measure of their confidence in the future of the reshaped group that the dividend is unchanged.

Turnover for 1980-81 rose from £36m to £41.98m, with continuing operations contributing £41.8m. Profit before interest of continuing operations fell from £364,000 to £257,000, and the loss from discontinued operations increased from £57,000 to £127,000.

Last June the Kennet Press printing business was closed; up to that time a loss of £151,000 had been incurred.

The activities of the Seamaster boat-building business have been severely curtailed and the company is now seeking a purchaser for that business.

A substantial injection of cash—over £1m—from September 1, 1981 from the sale of the freehold property in Maidenhead will greatly reduce interest charges.

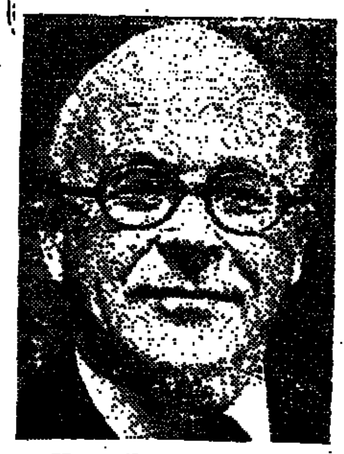
After a tax credit of £449,000 (charge £274,000) and extraordinary debits of £66,000, there was an attributable profit of £139,000 (£278,000). After release of £300,000 deferred tax, earnings are shown at 6.7p (9.1p) per share.

The CCA loss before tax is given as £508,000.

is increased
1981 should
,000. Net asset
two years. Further
1980's forecast.

Companies and Markets

UK COMPANY NEWS



Mr Anthony Rampton: "uncertainties make it impossible to foresee Freeman's prospects"

FREEMANS (mail order business)—Mr. Anthony Rampton, chairman, said at AGM present uncertainties made it impossible to foresee the outcome of 1981. "We sustain our efforts to contain costs and to invest for the future. We hope to be able to compete successfully for whatever retail spending may be available," he said. Demand fell away during April because of the bad weather, but has picked up to previous levels since then—in the first three months sales were 11 per cent ahead of the same period in 1980.

ENERGY CAPITAL (formerly Hamilborne)—Results for 1980 reported May 12. Shareholders' funds £2.02m, fixed assets £1.79m, net current assets £51,318 (no comparisons are given as no group balance sheet was prepared for 1979). Chairman states that the group's interests in Energy Capital

IN BRIEF

Development Corporation and Royalty Development Corporation, which have been floated since the year end, cost £155,000 and at March 31 had a market value of £1.9m. He views the year ahead with confidence. Meeting, 8 Buckingham Place, SW1, June 19, at noon.

NINETEEN TWENTY EIGHT INVESTMENT TRUST—Results for 1980 already reported. Investments: UK £25.2m (£24.98m); overseas £16.41m (£8.37m): unlisted £1.58m (£913,533). Current assets £45.03m (£36.68m); current liabilities £1.16m (£1.75m). Shareholders' funds £41.32m (£31.23m). Meeting, 1 Brewers Green, Buckingham Gate, SW, on June 25, 3 pm.

PICT PETROLEUM—For six months to April 30, 1981 pre-tax loss £240,922 (£217,595 for year to end October, 1980): tax charge £2,132 (£20,750 credit). Trading profit £219,584 (£41,399), share of associates £4,100 (£19,447), exploration expenditure £464,806 (£278,441).

SURMAH VALLEY TEA CO.—As a result of the receipt of funds a dividend of 2.25p will be paid on July 3, 1981.

HELICAL BAR (supplier, designer and fabricator of steel reinforcement, and steel stockholder)—Results for year to January 31, 1981: Turnover, £9.05m (£8.32m for 40 weks to February 2, 1980); pre-tax profits, £210,000 (£259,000), including associates' share, £36,000 (£52,000). Tax credit £106,000 (debit £37,000); extraordinary credit £43,000 (debit £48,000), leaving attributable profits of £273,000 (£270,000). Final net dividend 1.75p (same for unchanged total of 2.75p. Stated earnings per 25p share 10.9p (7.7p). CCA pre-tax profits £170,000.

ENGLISH & INTERNATIONAL TRUST—Results for year to April 5, 1981: Revenue after tax, £644,480 (£611,901, including £43,494 special dividend); tax £411,965 (£338,601). Final dividend 4p (3.5p) for a total of 5.5p (5p). Net asset value per 25p share 165p (127.13p).

M AND G SECOND DUAL TRUST—Final dividend for year to May 31, 1981 3.5p making net total of 7.8p (7.05p) revenue £1.11m (£1.01m) before tax of £334,456 (£302,083), asset value of capital shares 72.1p (52.6p). Merchant Navy Officers' Pension Fund Trustees is beneficial owner of 2.51m capital shares.

BICC—The overseas performance is expected to offset UK problems and enable the group to make satisfactory progress in 1981, Sir Raymond Pennock, chairman, told the annual general meeting in London. He said BICC continued to face tough UK market conditions, with sales lagging expectations and there was no sign of growth in the immediate future. He said international operations were performing strongly, especially in Australia where the first four months profits were ahead substantially.

BRENT CHEMICALS INTERNATIONAL—Chairman stated at AGM that results for first four months of 1981 were reasonably encouraging. Board expected group to continue to make headway in remainder of year.

THE PROPERTY AND REVERSIONARY INVESTMENT CORPORATION—Pre-tax profit for year to March 31, 1981 £2.05m (£1.88m), tax £1.05m (£0.9m), extraordinary credits £246,000 (£3.15m) transferred to capital surplus. Final dividend 2p (1.55p) making net total of 3p (2.55p), net asset value 235p (204p), stated earnings 4.7p (4.5p).

FEB INTERNATIONAL—Chairman stated at AGM that if present conditions continued, there was no reason why another satisfactory year should not be produced. Trading in the opening months of 1981 had been very satisfactory.

MINING NEWS

Northgate's new Irish exploration deal

BY KENNETH MARSTON, MINING EDITOR

Canada's Northgate Exploration, which is looking for fresh mining and mineral investment opportunities now that underground operations have finished at the high grade base metal mine at Tynagh in Ireland's County Galway, still needs a major new source of revenue, but has several irons in the fire.

Mr Pat Hughes, the chairman said at the Toronto meeting that discussions were at an advanced stage on an exploration joint venture covering the company's extensive ground holding in Ireland.

Agreement in principle has been reached with a major international oil group whereby the latter will provide substantial additional funding for exploration of this holding and will "provide a major impetus to Northgate's exploration programme in Ireland."

Mr Hughes said that Northgate "already has extensive holdings of promising mineral properties covering a broad spectrum of minerals, but principally base metals and precious metals on which it has, and is, continuing to expend considerable sums in its search for new orebodies."

In the oil and gas play, Northgate participated last month in the drilling of 40 new wells of which 13 were in the U.S. The company now has some 27 wells in production with 13 additional wells completed and awaiting on production.

The Tynagh mine is now providing silver from a surface stockpile of oxide ore and plans are advanced to bring three very small gold orebodies to production at Scadding Township, near Sudbury, Ontario.

Ore reserves at the Orofino gold prospect at Sudbury now approach the 1m tons' level with a probable grade of 0.158 oz to 0.18 oz (around 5 grammes) gold per ton of ore depending on dilution. Studies are now in hand for an underground evaluation of the prospect.

Mr Hughes said that, in all, Northgate with cash reserves of almost C$40m (£16m) was "well poised and well equipped to take advantage of any resource opportunities which come its way."

In the meantime, however, earnings are minimal. Those for the first quarter amounted to only C$56,000, equal to 1 cent per share, compared with C$2.11m in the first quarter of last year when the Tynagh mine was still operating. Northgate shares were 350p yesterday.

Ranger raises uranium ore reserves estimate

ORE RESERVES at the No 3 deposit at the Ranger uranium venture in Australia's Northern Territory have been upgraded. Energy Resources of Australia (ERA) says that probable ore reserves at the No 3 orebody have been raised to 23.62m tonnes from 14m tonnes as reported in last October's share issue prospectus.

This puts probable reserves of uranium oxide there at 43,100 tonnes compared with 28,000 tonnes previously. In addition possible reserves of uranium oxide amount to 28,703 tonnes. Estimates of proven ore reserves at No 1 orebody remain at 52.29m tonnes of ore grading 0.336 per cent uranium oxide.

Peko-Wallsend and EZ Industries each own 30.5 per cent of ERA while 25 per cent is held by foreign interests, chiefly Japanese and West German power utilities.

The rest of the capital was offered to the Australian public last year at a price of A$1 per share. In a scramble for the shares on the first day of trading the price opened at A$3, but in recent times it has been below A$2.

Ranger has secured contracts for the sale of the total planned output of uranium oxide up to 1990 and full production is scheduled to be reached by the end of this year. Peko-Wallsend has said that Ranger should make some initial impact on the company's earnings in 1982.

HOWARD AND WYNDHAM SALE

Grant Bookshops, the Scottish retail bookselling subsidiary of Howard and Wyndham, has sold the heritable and leasehold properties in Havelock Street, Glasgow and Port Street, Stirling respectively, together with the inventory of books and certain furniture and fittings.

The consideration, which is partially dependent on the finally calculated value of the inventory, is estimated at £166,500, of which £133,500 has been paid in cash. The balance is payable without interest in four equal quarterly instalments starting August 25 1981.

Grant's retail outlets have been trading at a loss and the proceeds of the sale will be used to reduce its borrowings.

SOUTH AFRICAN GOLD OUTPUT

South African gold production fell by over 25,000 troy ounces last month according to the South African Chamber of Mines. Output during April totalled 1,755,683 oz compared with 1,781,394 oz in March.

Production for the first four months of 1981 totals 6,989,735 oz well down on the 7,190,953 oz produced in hte same period of 1980. South Africa's total gold output in 1980—21,669,455 oz or 675 tonnes—was the lowest for 20 years.

According to an estimate by a Chamber of Mines economist earlier this year output will total around 665 tonnes in 1981 assuming an average gold price of US$650 an oz. At an average price of $550 production will be about 670-675 tonnes.

So far this year the bullion price has averaged a fraction over $500 per oz and is currently hovering around the $470 level.

LONDON TRADED OPTIONS

May 28 Total Contracts: Call 1122 (Put 455)

Option	Ex'rcise price	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	Equity close
BP	360	42	5	56	—	72	—	388p
BP	390	24	12	40	4	56	—	"
BP	420	11	26	26	11	40	—	"
BP (Put)	360	—	59	—	—	—	—	"
BP (Put)	390	18	12	—	2	—	10	"
BP (Put)	420	40	19	—	—	—	—	"
Com. Union	180	2	—	7	—	10	2	153p
Cons. Gold	500	38	30	53	1	67	—	513p
Cons. Gold	550	18	6	32	—	43	—	"
Cons. Gold	688	1	20	—	—	—	—	"
Courtaulds	50	17	3	19	2	—	—	65p
Courtaulds	60	8	7	12	84	14	5	"
Courtaulds	70	3½	169	7½	2	9	2	"
Courtaulds	80	1	—	3½	60	5	—	"
GEC	650	50	—	70	5	98	—	680p
Grand Met.	200	12	150	17	—	24	—	198p
Grand Met.	220	3	1	9	—	16	—	"
ICI	280	24	1	32	3	42	—	290p
ICI	300	13	2	22	1	33	—	"
ICI	330	6	20	13	5	23	—	"
Land Sec.	460	1½	20	9	—	—	—	400p
Marks & Sp.	100	35	10	—	—	—	—	133p
Marks & Sp.	110	25	10	30	—	—	—	"
Marks & Sp.	140	4	—	11	1	16	—	"
Shell	390	21	50	34	4	46	—	382p
Shell	420	12	3	23	—	34	—	"
Shell	460	5	—	10	3	—	—	"
		August		**November**		**February**		
Barclays Bk.	360	53	—	55	—	—	2	400p
Imperial Gp	70	7½	50	9	—	11	—	72p
Imperial Gp	80	3½	97	4	—	6½	—	"
Lasmo	500	117	—	142	5	—	—	587p
Lasmo	550	80	2	110	—	127	—	"
Lasmo	600	52	11	82	—	100	10	"
Lasmo	650	32	6	62	—	—	—	"
Lasmo	700	24	9	40	10	—	—	"
Lasmo	750	7	4	—	—	—	—	"
Lonrho	90	8½	49	12	5	14	—	91p
Lonrho	100	4½	15	7½	7	9	—	"
Lonrho	110	2		5	7	—	—	"
Lonrho	90	3	100	—	10	—	—	"
Lonrho	100	11	—	12½	68	16	50	"
P & O	140	8	—	12	2	12½	—	132p
P & O	160	3½	—	6	3	—	—	"
P & O	180	1½	—	3	15	—	—	"
Racal	360	27	4	42	—	55	—	366p
Racal	390	15	27	27	—	39	10	"
Racal	360	12	83	—	—	—	—	"
Racal	390	32	32	—	—	10	—	"
RTZ	500	65	2	80	—	90	—	532p
RTZ	550	35	19	55	—	65	—	"
Totals								

ISSUE NEWS

Honda applying for listing in London

BY DAVID DODWELL IN TOKYO

JAPAN'S Honda Motor Company, the world's largest motorcycle manufacturer, is applying for listing on the London Stock Listing is expected to be granted on June 17, with trading starting the following day. Honda has bene listed onthe New York stock exchange since 1977.

The announcement comes just a eek after Honda revealed more than trebled consolidated profits of Y92.58bn (Y27.76bn) for the last financial year.

A large part of this improvement arose from a 37 per cent increase in overseas sales, which now make up 75 per cent of total sales.

The company said yesterday the decision to seek London listing was in part a reflection of the company's increasingly international character.

Honda is the second Japanese company to seek London listing since exchange controls were lifted in November 1979.

Toshiba Corporation, Japan's leading heavy electrical company, was listed in October last year. There are now six Japanese companies traded in London. The others are Sony, Toray, Takeda Chemicals and Renown, however a number of other Japanese high technology companies are seeking a listing.

Honda was first listed on the Stock Exchange in 1963, but was dropped in August 1973 when a regulation was introduced forcing foreign listed companies to make any domestic share offerings available equally to shareholders on the London exchange. This regulation has now been amended to exempt foreign listings.

Foreign shareholdings in Honda are much smaller than the average for major Japanese companies. A year ago, foreigners held just 3.7 per cent of the shares, and in February this year the proportion had risen to 5.4 per cent.

However, heavy foreign purchases of Honda shares have been reported since the announcement of profits for 1980-81—taking the share price up from 683 at the end of April to 1,100 yesterday.

London listing is expected to enhance this foreign interest. Analysts in Tokyo estimated that foreign shareholdings are now close to 10 per cent. There would be no company resistance to this share rising further.

Honda has atracted considerable publicity in the UK recently as a result of its decision to join BL in manufacturing its new family car the Triumph Acclaim.

Increasing protectionist resistance to Japanese care exports makes similar collaborative ventures in Europe a possibility, and the Honda management clearly feel they will be in a better position to raise new equity with a formal listing in London.

However, the company said it has no plans to raise fresh capital at the moment. It has just raised Y12bn by means of a bond issue on the domestic Japanese market, and this is expected to meet all of the current year's capital needs.

Honda's listing has been sponsored by Kleinwort Benson, with Cazenove as London brokers. The same "team" brought Toshiba to the Stock Exchange.

Allied Residential to raise £1.58m

Allied Residential, the new housebuilding company that has acquired the residential property interests of Allied Plant and Thames Investment and Securities, is coming to the Stock Market by way of a placing of 4.5m shares, 45 per cent of those issued, at 35p a share.

The new group's housebuilding activities, which account for about three-quarters of profit, have been centred mainly in the Humberside area but there are also sites ready for development in Staffordshire and Devon. Particular emphasis is placed on designing and building inexpensive homes for first-time buyers.

Other activities include the renovation of existing properties in London, Ramsgate and Blackpool and the provision of venture finance to small housebuilding companies.

The Allied Plant housebuilding interests provide most of the new group's income stream. In the past five years, their profits before tax grew steadily from £528,000 to £835,000.

The new group's net tangible assets are shown at £2.85m of which about £1.5m comes from Allied Plant and the remainder from Thames. The combined properties are valued at £5.61m.

Following the placing, Allied Plant and Thames will each hold 27.5 per cent of the share capital. Tring Hall Securities, which is making the placing, will hold 7.5 per cent and place 37.5 per cent with its clients.

Of the proceeds £1.05m will go to Allied Plant in payment for its housebuilding interests and £150,000 to Thames for its residential subsidiaries.

The group has forecast a profit of not less than £1m in the current year and intends to pay dividends of 2.45p a share in respect of 1981 of which 1p will be an interim dividend.

Brokers to the issue are Capel-Cure Myers. Dealings begin on the Stock Exchange on June 8.

● comment

There have been encouraging noises from the housebuilding sector lately but Allied Residential was also hoping that interest rates would still be falling when it made its public launch. Current indications of a rising trend in rates may take some of the speculative fizz away from initial dealings early next month but the group is still confident enough to make a profit forecast. The prospectus shows that the Allied Plant housebuilding operations have made steady profit growth in the past five years despite big fluctuations in market conditions. Also, another company active in the Humberside area, Arncliffeff Holdings, has reported considerable improvement in house sales in the past few months. The prospective yield on Allied Residential is an attractive 10 per cent and the prospective fully taxed p/e of 7.3 seems about right.

Sunderland and South to offer £5.5m pref. stock

Sunderland and South Shields Water Company is offering £5.5m of redeemable preference stock by tender.

The stock carries a coupon of 8 per cent and a minimum price of £98 per cent produces a gross redemption yield of 11.9 per cent or 17.19 per cent for those able to take advantage of franked investment income. The running yields at £98 are 11.66 per cent and 17.01 per cent.

The stock is redeemable at par on July 31, 1987. It is denominated in amounts of £100 and applications, accompanied by a £10 deposit per £100 nominal, must be received before 11 am on June 4.

The first dividend, amounting to £2.152 per cent, will be payable on October 1, 1981, and thereafter half-yearly on April 1 and October 1.

Brokers to the issue are Seymour Pierce and Co.

● comment

Following the flop of Newcastle and Gateshead's £6.5m issue two weeks ago and the easing in gilt market, the interest rate on the new Sunderland and South Shields issue has been raised ¼ per cent to 8 per cent where the yields at £98 are slightly better htan on Newcastle and Gateshead which is now quoted at £97½. On the other hand, the 8 per cent Cambridge and West Hampshire issues made earlier this year are quoted at £101 and £101.5 respectively. Tenders of £101 for Sunderland and South Shields may be needed to attract full allotments.

HIELD BROS.

Mr M. C. Chamsi Bacha, who is associated with Gamma Beta Investments, purchased 100,000 ordinary shares of Hield Brothers, on May 27 1981 at 13½p each.

Irish oil prospector I£12m share sale

A NEWLY formed Irish oil exploration company is seeking a listing on the Unlisted Securities Market (USM) and is hoping to raise funds in London for offshore drilling. Bula Resources, a Dublin-based group, is issuing 24m ordinary shares of 25p each at 50p (Irish) per share. The company says it will be listed on the USM as from June 8.

Bula hopes to raise I£12m (£9.2m) in order to explore for oil in five areas off the coast of Ireland. Irrevocable undertakings have already been received for the subscription of 12m shares and the balance is being offered in London and Dublin by stockbrokers Hoare Govett and Dudgeon.

The issue will represent 27 per cent of Bula's shares. Mr Michael Wymes, the company's chairman, holds around 20m shares and the remainder is held by other directors and institutions in the UK and Ireland.

Mr Wymes said yesterday the reason for the fund raising and USM quote was tofinance the drilling of additional wells in the Porcupine Basin and the Celtic Sea. He mentioned in particular Block 26/28 in the Porcupine Basin, a project being operated by British Petroleum. BP has a 38.5 per cent stake in this block and Bula has 9.83 per cent.

Mr Wyme explained that an independent evaluation by consultants Gaffney, Cline suggests that proven and probable reserves of Block 26/28 could range from 25m to 275m barrels. This assumes an 18 per cent primary recovery factor. Further drilling could produce as much as 1.5bn barrels, according to Mr Wymes.

But BP, the operator, said yesterday that it was too early to make any estimates of the recoverable reserves. "We are about to drill a third test well and the field has not yet been proved commercial," said a spokesman. BP added that the well, which is in 1,200 feet of water, was currently "beyond the technology being used in the North Sea."

Bula has valued its interests in offshore wells at I£29.9m (£22.8m), a figure contained in the company's balance sheet as at January 31. Mr Wymes said this estimate was "the method adopted by our accountants." He added that after issue expenses the cash assets of Bula would be I£11.4m, being the net proceeds.

At present, Bula's balance sheet shows a net current liability of I£49,420.

The issue is being underwritten by Allied Irish Investment Bank, the company's merchant bank. Subscription lists for the ordinary shares will open at 10 am on June 3 and will close on the same day.

RISE AT AVERY

Taxable profits of Avery Label Systems increased 17 per cent in 1980 to £545,000 on sales up 13 per cent to £4.97m. It is the third successive year the group has increased sales and earnings.

Mr. Michael Smith, chief executive, said estimates for 1981 indicated "a sales increase of a little more than 10 per cent with a fairly similar increase in profits."

Avery Label Systems manufactures self-adhesive labels and application equipment. It is part of the U.S.-based Avery Inc which has sales of $618m with a net income of $25m.

BANK RETURN

	Wednesday May 27 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	36,559,520	— 988,673
Bankers Deposits	508,062,084	+ 70,626,738
Reserve & other Accounts	1,500,376,924	+ 22,366,882
	2,059,551,528	+ 92,004,947
ASSETS		
Government Securities	742,819,918	— 27,530,000
Advances & other Accounts	879,323,838	+ 16,201,623
Premises Equipment & other Secs.	409,635,579	+ 92,917,197
Notes	27,512,304	+ 10,425,808
Coin	259,889	— 9,681
	2,059,551,528	+ 92,004,947
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,675,000,000	+ 50,000,000
In Circulation	10,647,487,696	+ 39,574,192
In Banking Department	27,512,304	+ 10,425,808
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	7,681,332,507	+ 288,608,201
Other Securities	2,982,652,393	— 238,608,201
	10,675,000,000	+ 50,000,000

BIDS AND DEALS

Agreed offer for Winston Estates

Sterling Credit, the finance and insurance group which had to be rescued from collapse last November is making an agreed bid worth £8.8m cash for Winston Estates, the property development and investment group whose shares were suspended earlier this month.

Sterling is assured of success with the directors (advised by N. M. Rothschild and Sons) and other shareholders irrevocably accepting in respect of 35 per cent of the shares and Eagle Star Insurance company agreeing to accept in respect of 18 per cent of the capital in the absence of any higher offer.

The terms of the offer are six new 3½ per cent convertible preference shares together with a warrant, for every five Winston ordinary shares. Based on last night's closing price of 13½p (up ½p) for Sterling's "A" ordinary shares this offer values each Winston share at around 147p and the entire capital at £8.67m. This compares with Winston's suspension price of 73p.

Hambros Bank, acting for Sterling, will make a separate cash offer on behalf of Scottish General Holdings (a company wholly owned by Mr Nicholas Oppenheim, the managing director of Sterling) equivalent to 115.2p per share to acquire the new preference shares with warrant from accepting holders. The cash offer values Winston at £679m.

Sterling has applied to the High Court for sanction of a capital reduction" scheme whereby 9p of each ordinary 10p share is to be cancelled. Each warrant will entitle the holder to subscribe for one "A" ordinary share of 1p on December 1 1981 or 1982 and will be detached from the new preference shares on September 30 1981.

Mr Oppenheim said yesterday that talks had been going on with Winston for some little time. He said it was a well run company and was a "natural third leg" to our activities.

Following the acquisition the enlarged group will have property investments approximately equal to its shareholders' funds as well as an asset base increased "several hundred times." Mr Oppenheim said he had "very dramatic" plans for Winston.

If the company wanted to dispose of any property then Sterling would put its large accumulated capital losses at Winston's disposal.

Sterling said that the acquisition should create no redundancies or any redeployment of assets as it is intended that Winston will continue to operate independently as before.

Dealings in the shares of Winston will recommence today.

Yorkshire Fine Wool Spinners 'bid talks off'

Yorkshire Fine Woollen Spinners announced yesterday that takeover discussions it was engaged in have now been terminated.

The company had asked the Stock Exchange to suspend its shares no Tuesday "following receipt of an approach which would have led to a change in the ownership of a material percentage of the company's voting rights."

The directors have requested the Stock Exchange to restore the listing of the company's shares.

Le Vallonet suspended for reorganisation

The Stock Exchange listing of Le Vallonet has been temporarily suspended pending the reorganisation planned by Atlantis Resources, whose offer for the 34 per cent of the shares it did not already hold closed on May 27.

Atlantis, which held 1,536,000 shares, or 66 per cent, prior to the offer, intends to switch Le Vallonet's investments to petroleum and natural gas interests, mainly in Canada and the U.S.

CRAIG SHIPPING COMPLETES SALE

Graig Shipping has completed the sale of its motor vessel Garthnewydd to Companhia Nacional de Navegacao Ep of Lisbon, in which no director of the company has any interest.

Gross proceeds amounted to £8.96m—the written down book value at that date was £3.29m. The vessel has been operating at a profit before depreciation throughout the year.

This leaves the company with one bulk carrier. Proceeds of the sale will be utilised to purchase further tonnage as and when the opportunity arises.

ASSOCIATES DEALS

Grieveson Grant and Co. on May 27 sold 10,000 Le Vallonet Company shares at 75p and 19,000 at 73p on behalf of Air Call (Holdings) who are associates of Le Vallonet.

J. Henry Schroder Wagg and Co., who are advising British Sugar Corporation, on May 27 bought 15,000 British Sugar at 330¾p onu behalf of associates' discretionary investment clients.

UKAY FURNISHING

The deal has now been completed under which Harris Queensway has purchased certain stores of Ukay Furnishing Centres, a subsidiary of Associated Dairies.

Hanson chief says Downing profit record 'uninspiring'

Sir James Hanson, chairman of Hanson Trust which is bidding £12m for G. H. Downing, the building materials company, describes Downing's profit performance as "uninspiring," in the formal offer document.

Hanson has already received irrevocable acceptances representing 24 per cent of the Downing shares to its offer which the Downing board (advised by Hill Samuel and Co.) yesterday described as "wholly inadequate and unacceptable."

In his leter to shareholders Sir James points out that profits have fluctuated between £1.7m and £1.9m for the four years to March 1980 and earnings per share have declined each year since 1978. Sir James quotes the chairman of Downing as saying in feh interim report for the half year to September 1980 that "prospects for the second half can only be described as bleak."

On reports of a possible Downing dividend increase, Sir James asks shareholders to consider whether an increase would be only a short-term expedient not in the long-term interests of Downing or themselves.

The offer of 200p cash for each Downing share exceeds the value of Downing's net tangible assets as at March 31 1980 (198.3p). The offer is 29 per cent over the Downing price of 155p immediately before the offer announcement; 24 per cent over the highest price of 161p (adjusted for scrip issues) reached by Downing since 1965; and 72 per cent above Downing's price of 116p as recently as March 1981, the letter states.

Members of the Downing family, including Mr D. S. D. Skailes, Downing's assistant managing director, have irrevocably agreed to accept the Hanson offer. Mr R. Hollinshead, a long-term non-executive director, has also agreed to accept on behalf of two trusts.

Undertakings to accept for more than half of the 24 per cent have been received from family trusts of Mr Kenneth Downing, son of the founder of Downing and a former director. He has stated: "I believe Hanson's offer to be full and fair and that it takes into account the static record of Downing and the immediate and future prospects of the business."

Hanson is advised by N. M. Rothschild and Sons.

Wm. Leech will bid for Bellway

THE TERMS of the merger which the two Newcastle-based housebuilding groups, Bellway and William Leech, outlined last week emerge as a one-for-one equity bid which Leech is preparing to make for Bellway.

Full acceptance will involve the issue of 12.96m new Leech ordinary shares. They will not rank for a final dividend of 3.3p net which Leech expects to pay in respect of the year ending August 31; Bellway holders will receive a second interim (in lieu of a final) of 4p net for the year to July 31.

Assuming full acceptance of Leech's terms, which have been irrevocably accepted by the Bellway Board and trustees of certain Bell trusts in respect of an aggregate of 42.5 per cent of Bellway shares, existing holders of Bellway will take some 46.4 per cent of the enlarged equity.

The two groups said yesterday that they believe the merger will enhance the growth potential and geographical diversification of the enlarged group away from their traditional bases in the North East. It will also provide considerable scope for rationalisation and more efficient utilisation of labour and resources together with a reduction of overheads.

The Board of the enlarged company will comprise: Mr Ken Bell (chairman), Mr J. R. Adamson (deputy chairman and managing), Mr P. M. Milburn and Mr J. Gibson (joint deputy managing), Mr J. Livingston (finance) and Mr D. B. Ward (non-executive).

THF/SAVOY

W. Greenwell and Co., brokers to Trusthouse Forte, confirm that on May 22 THF acquired 25,000 "A" ordinary shares in Savoy Hotel at 190p each.

CREST SELLING ST. JAMES'S HOTEL

The Taj Group of Hotels, India, is to acquire from Crest Hotels, a Bass subsidiary, the St James's Hotel, of Buckingham Gate, London SW, as a going concern. The acquisition was negotiated on behalf of the Taj Group by Antony Gibbs and Son, the merchant bank.

The St. James's Hotel comprises 560 bedrooms and apartments and a variety of restaurants, bars, conference and other guest facilities. The Taj Group, which operates the premier chain of luxury hotels on the Indian sub-continent, plans to renovate and substantially upgrade the hotel.

Evered's £0.3m for private company

Loss-making engineering group Evered Holdings is making a £300,000 acquisition of a private engineering company, Bristol Diecasting.

Bristol is a manufacturer of pressure, gravity and sand aluminium diecastings supplying a wide range of customers including the Ministry of Defence. Less than 5 per cent of sales go to the motor industry.

Sales at Bristol are currently running at £1.35m on an annual basis compared with £2.3m in 1979. Most of the downturn has come on the pressure casting division which has seen a dramatic fall in the level of order intake.

Mr Osman Abdullah, an Evered director, said yesterday that the pressure diecasting operation will gain significant work as a result of Evered's Saudi Arabian connections. In particular, Bristol has won an order to manufacture "cats eyes" for Saudi. Bristol could also provide diecasting capacity for Evered's castors and locks divisions.

Bristol is expected "to make a small contribution to the Evered group for the remainder of 1981 after allowing for interest on the consideration, with the prospect of improving returns in future years."

Terms of the purchase allow for a payment of £225,000 in cash—to be deferred to November 1981—to cover plant, machinery, fixtures and goodwill. The price for stock and work-in-progress will be agreed following a valuation. An initial £50,000 will be paid on completion of the contract and the balance is not expected to exceed £30,000.

The consideration will be met from Evered's own facilities. However, Mr Abdullah could not rule out that the company may need to raise additional finance, perhaps by a rights issue or property disposals, later in the year.

INTERNATIONAL COMPANIES and FINANCE

Polaroid shuns instant change

BY IAN HARGREAVES IN NEW YORK

POLAROID'S introduction of a new range of cameras in the U.S. this week did not exactly knock 'em dead, but followers of the company were given enough material. in a mixture of hard facts or hints, to further heat up the debate about what is happening to the company.

The key points being focused on are these:—

● What is Dr. Edwin Land, the man who invented instant photography and Polaroid, up to? He was absent from the product launch, even though the rumours have been flying thick and fast that his year-old retirement from executive control of the company has been a matter more of form than substance.

● To what extent will Polaroid apply its latest invention — colour print film with a speed rating of ASA 600, compared with a current industry best of ASA 400 — to industrial uses, rather than in its main field of amateur photography? This question runs into the major debate about Polaroid: is the company trying to diversify?

● Given that the 600-series camera launched this week is clearly evolutionary rather than revolutionary in nature, has the company lost some of its nerve about radical product developments followign the disastrous flop of its instant movie pro-

The enigma of Dr Land is central to all these questions. Although no longer chief executive, the 73-year-old Dr Land is still Polaroid chairman, owns 12.5 per cent of the stock and stil spends most of his time scribbling away in a laboratory near the company's Massachussetts headquarters.

Polaroid's new instant colour 660 camera making its debut in Boston earlier this week. Dr. Edwin Land, rumoured to be still a major force at Polaroid, despite relinquishing executive duties, was conspicuously absent from the launch

But in a rare interview given earlier this year, Dr Land emerged, hardly surprisingly, as a cantankerous *eminence grise*, bitterly contesting any tendency to divert Polaroid from its founding inspiration of instant pictures, primarily for amateur photographers. The consumer instant picture business last year accounted for more than two-thirds of Polaroid's sales.

The tension about strategy was evident in the company's 1980 annual report. Mr. William McCune, who succeeded Dr Land as chief executive, but who is himself in his mid-60s, ended his own letter to shareholders with the words: "We will give special attention to the future use of our skills and resources in other fields."

The "official" view, however, as expressed in the notes to the accounts on business segmentation states bluntly: "The company considers itself to be engaged in one line of business, the manufacture and sale of instant photographic products."

Dr Land's own contribution to the report—a masterpiece of literary convolution — embroidered upon the official theme, railing against the marketing types—"the concludors" —defending the spirit of scientific innovation and ending with an appeal that all remember that "the kind of people responsible for our past can be relied on to create a future that is open ended."

Dr Land's message, however, did pay passing court to Japanese technology, saying it was now time for Americans to stand on Japanese shoulders in order to advance.

The central imponderable is whether the instant photography market can get much bigger, as Dr. Land and the scientists present at this week's launch believe it will. Polaroid already has 67 per cent of the market, so a 3 or 4 per cent gain in market share—which analysts expect the 600-series to generate without much difficulty—is rather small beer at a time when sales of mainly Japanese 35mm cameras in the U.S. have quadrupled in four years as these cameras have *become more simple* to use and relatively less expensive.

In the same period, sales of instant cameras in the U.S. peaked, in 1978, at a little more than 8m units, declining to about 6m last year. With that decline went Polaroid's U.S. profits (40 per cent of total operating profits and 55 per cent of sales last year were accounted for by in cameras in the U.S.) and a general sluggishness in the company's worldwide sales, which rose by only 6.5 per cent last year. Net profits recovered last year after the 1979 dip caused by the instant movie write-off, but were still not back to the 1978 level.

The resolution of this soul-searching is clearly still some distance away. Ironically, if the 600-series were to be a huge success, shaking the instant photo market out of the doldrums, it could be the worst news yet for those within Polaroid who favour the path of change.

ACI moves to safeguard J. Gadsen from takeovers

BY OUR SYDNEY CORRESPONDENT

AUSTRALIAN Consolidated Industries (ACI), the glass, plastics, and packaging group, has effectively insulated J. Gadsen Australia, the Melbourne-based packaging group, from takeover. In a move unknown to the Gadsen Board, ACI acquired 2.97m shares in two stock exchange trading sessions at $5 each to lift its holding from 10 to 19.9 per cent.

Mr. R. W. Brack, ACI's managing director, said the buying was designed to protect the company's existing investment from a potential suitor, and it had no intention of further raising its stake.

Five days ago the Gadsen directors announced thta they had terminated the discussions with another group which had prompted them to advise shareholders not to sell.

Under the weight of ACI's buying, the shares jumped from $4 to $5, causing the Melbourne exchange to ask for an explanation. Gadsen replied that it had not known of ACI's intentions until it received a copy of the ACI Press release.

Gelco warns of lower earnings at year-end

BY OUR FINANCIAL STAFF

A GAIN in earnings in the third quarter at Gelco, the U.S. transport services manager and leasing company is accompanied by a warning from the board that the fourth quarter and full year results will be lower because of the pressure of high interest rates. in fiscal 1980, Minneapolis-based Gelco earned $4.77 a share, including a $1.12 gain from accounting changes.

In the third quarter of fiscal 1981, earnings moved up from $9.4m to $10.2m or 99 cents a share, on revenues of $217.5m against $181.2m.

But at the nine-month level, the group is showing a fall in net earnings from $38.2m to $33.5m, despite a sharp rise in revenues from $463.5m to $619.2m.

Foreign currency translations contributed a 43 cents a share gain in the third quarter against 8 cents a year ago and $1.01 in the nine months compared with a loss of 1 cent a share.

Gelco earns the bulk of its profit (43 per cent) from trailer rental and leasing.

Dome will buy 22m Conoco shares

By Robert Gibbens in Montreal

DOME PETROLEUM, the Canadian oil and gas exploration group, will purchase 22m shares of Conoco, the U.S. oil and coal group, under its U.S.$65 per share tender offer at a total cost of $1.4bn. This means that each holding offered to Dome will be prorated by about 40 per cent. The offer expired last night with almost 55m shares of Conoco tendered.

Dome expects to exchange its 20 per cent stake in Conoco for the U.S. oil company's 53 per cent controlling interest in Hudson's Bay Oil and Gas of Calgary.

Conoco failed earlier this week to set up legal obstacles to Dome's acquisition plan. It is now assumed that Dome will succeed in getting control of Hudson's Bay, a valuable Canadian production company which will boost Dome's cash flow. Dome has a heavy debt load at present.

●Conoco said yesterday that it had arranged a $1bn line of credit. It did not say for what purpose the new funds would be used.

UA-Columbia negotiates with counter-bidders

By David Lascelles in New York

ROGERS TELECOMMUNICATIONS, the large Canadian cable television company, and United Artists Theatre Circuit appeared yesterday to be making headway with their counter-bid for UA-Columbia Cablevision, the U.S.'s ninth largest cable TV company, based in Connecticut.

UA-Columbia announced that it had "entered into negotiations" with the two companies over their $90 a share offer which would value it at about $215m.

The bid exceeds the $80 a share offered jointly by two of the U.S.'s largest newspaper companies, Dow Jones and Knight-Ridder.

UA-Columbia said that the four bidding companies were discussing among themselves the resolution of the merger agreement which it had already signed with Dow Jones and Knight-Ridder. But Dow Jones said its offer still stood. It reiterated its position, however, that it considers its offer fair and does not intend to involve itself in a bidding war.

Lower tax lifts income at German IBM

By Our Financial Staff

IBM DEUTSCHLAND maintained profits last year with a pre-tax return of DM 1.17bn ($500m), compared to DM 1.15bn in 1979.

At the net level, however, earnings improved by 31 per cent to DM 590m following a sharply reduced tax charge. The company, which is part of the International Business Machines group of the U.S., views the future "positively."

The company told a news conference that it sees good chances for meeting the growing demand small and medium-sized German companies are showing for data-processing systems. "I view our future very positively despite uncertainties in the economic climate," said chairman Herr Walter Boesenberg.

Tax was reduced last year by a change in the pension fund arrangements and because a higher dividend of DM 700m was paid to the U.S. parent, against DM 323m in 1979.

Orders received were "excellent" in 1980, and in the first quarter of this year the good trend has continued enabling production plants to operate at virtually full capacity. Sales in 1980 totalled DM 7.4bn, up from DM 6.6bn.

Domestic sales last year rose by 5.4 per cent to DM 4.66bn, while exports to other companies in the IBM group jumped by 25.1 per cent to DM 2.73bn. Capital spending rose by 9.3 per cent in 1980 to DM 1.34bn, bringing investment in Germany over the past five years to a total DM 5.3bn.

Alcan delays smelter decision

By Our Montreal Correspondent

ALCAN ALUMINUM has delayed a decision to go ahead with a proposed aluminium smelter at Bundaberg in Queensland, Australia. The company said there has been difficulty and delay in negotiations with both the State and Federal Governments.

Engineering work on the project will continue at a reduced rate and Alcan hopes to go ahead later when all requirements are satisfied. The company also said there have been delays in getting final approval for the third potline at Kurri Kurri in New South Wales to bring capacity to 135,000 metric tonnes, "but we hope to do so shortly."

Massey falls to $37.4m operating loss for quarter

BY IAN HARGREAVES IN NEW YORK

MASSEY - FERGUSON, the Toronto-based farm machinery and engine manufacturer which is still suffering from poor demand in key markets, yesterday reported a U.S.$37.4m operating loss for the three months to April 30.

Mr. Victor Rice, chairman, said the losses were "as expected in the circumstances," but the deficit was greater than the company had hoped when it was assembling its financial restructuring plan last year.

Details of the C$730m (U.S.$610m) rescue plan, which *involves aid from the governments* of Canada and Ontario, have still not been completed and Mr. Rice said yesterday the documentation would not be complete before the end of June, more than two months later than expected.

Earlier this week, the Ontario Government finally vote dto fulfill its part of an earlier tentative agreement to help Massey and the Canadian Imperial Bank of Commerce, Massey's lead bank, has recently made it clear that it will fill any holes in the refinancing plan not filled by others.

But Massey's businesses continueto be seriously hurt by high interest rates, which have produced a renewed slump in demand for machinery from *North American farmers.*

Massey's sales of farm and industrial machinery at U.S.$576m were down 16 per cent from the year earlier quarter. Engine sales at U.S.$145m were down 7 per cent.

In North America, sales were down 32 per cent at U.S.$224m and in Europe down 28 per cent at U.S.$219m. In other parts of the world, Massey continues to enjoy strong growth.

Total sales for the quarter were U.S.$721m, down 15 per cent. The net loss, improved by the currency benefits of a stronger dollar, was U.S.$8m against a net profit of U.S.$15.8m a year earlier which included a currency gain of U.S.$200,000.

For the first six months of its fiscal year, Massey had a net loss of U.S.$89.4m, compared with net income of U.S.$3.3m in 1980. Sales for that period were U.S.$1.25bn, down 20 per cent from a year earlier.

$175m bond for Citicorp one of three new issues

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

CITICORP IS raising $175m through a three-year Eurobond issue bearing a coupon of 15¼ per cent and issue price of par under the leadership of Credit Suisse First Boston.

The issue met good demand in the market yesterday despite the closure of Continental centres for the Ascension Day holiday which dampened secondary market trading volume in dollar bonds.

It was one of three international bond issues launched yesterday. One of the other two is a floating rate note and the other in Canadian currency.

Mexico's Grupo Industrial Alfa industrial and service concern is floating a $75m, seven-year FRN at a margin of ¾ per cent over three-month London inter bank rate through Credit Suisse First Boston, while Continental Illinois is leading a C$50m, five-year 15¾ per cent issue at par for General Motors Acceptance Corporation of Canada.

In the secondary market fixed rate dollar Eurobonds rallied during the afternoon after a slightly weaker start to the day.

This was prompted by lower short term interest rates—six-month Eurodollar deposits shed nearly ½ a point yesterday to finish at 17 5/16—and by the relatively small rise in the U.S. index of leading indicators.

In other news the floating rate note being arranged for European Asian Bank by Merrill Lynch has been increased to $50m from $40m and the City of Winnipeg, 15¾ per cent $50m bond led by Wood Gundy has been priced at par.

Coastal sees slide in profits continuing

By Our Financial Staff

COASTAL, THE Houston-based energy company, will be profitable in the second quarter, but earnings will be down from the $1.21 a share reported for 1980's second quarter, Mr Oscar S. Wyatt, chairman, told the annual meeting.

In the first quarter, earnings fell to 51 cents a share from $1.12 in 1980.

Mr Wyatt declined to forecast second half results "because of many variables, both economic and political, that will influence refining and marketing operations."

Mr Harry L. Blomquist, the company president, said that refunds which had been called for under a consent agreement reached with the U.S. Energy Department will not affect current financial results.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday June 11. Closin gprices on May 28

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Am. Air. 15¾ 86 (WW)	55	100	100⅜	0	+0⅞	15.09
Amoco 13¾ 88	75	94¼	94⅝	0	+1¼	14.58
CIBC 14½ 84	185	97⅜	98⅛	−0⅛	+0⅞	15.36
CNE 12¾ 91	100	87⅝	88⅛	−0⅛	+1	15.15
Citicorp O/S Fin. 10 86	300	83⅞	84⅜	−0⅛	+1⅜	14.62
Citicorp O/S Fin. 12 87	200	89¼	89⅝	−0¼	+1⅜	14.62
Con. Illinois O/S 9¾ 86	150	81⅞	82⅜	0	+0⅝	15.08
Dupont Canada 13½ 91	65	94¼	94¾	0	+2⅛	14.56
EEC 11 95 (August)	70	77⅛	77⅝	0	−0⅛	14.90
EIB 12¾ 89	75	89	89½	+0⅛	+1¼	15.16
Eldorado 13¼ 86	50	93	93½	−0⅛	+0⅜	15.29
Elec. de France 10 88	125	79	79½	0	+1⅛	14.92
Elec. de France 13 88	125	91½	92	−0⅛	+1⅛	15.00
Export Dv. Cpn. 9½ 86	150	81⅛	81⅝	−0⅛	+1⅜	15.32
Fed. Bs. D. 12¾ 85 (N)	50	91⅛	91⅝	0	+1⅜	14.92
Fin. Exp. Credit 10½ 85	50	83¾	84¼	−0½	+0⅜	16.11
Finland, Rep. of 9½ 86	100	79¼	79¾	−0⅜	0	15.89
Ford Credit O/S 14⅜ 83	150	97½	98	−0⅛	+0⅜	15.64
Ford Cr. O/S Fin. 16 84	150	101⅜	102⅛	−0⅛	+1	14.94
Gaz de France 13½ 86	80	95⅛	95⅝	−0⅛	+1	14.88
GMAC O/S Fin. 12 87	100	87⅜	88⅛	−0⅛	+1¼	15.01
GMAC O/S Fin. 12⅞ 88	100	90⅝	91⅛	−0⅛	+1	15.09
Gen. Mtrs. O/S 11¾ 87	100	87⅞	88⅜	0	+2	14.69
Genstar 14¾ 91	50	98	98½	−0¼	+0½	15.08
GTE Fin. 13¾ 86 (WW)	50	94⅞	95⅜	−0⅜	+0⅛	15.26
Hudson's Bay 11½ 90	75	83⅜	83⅞	0	+2⅞	14.90
IBM Wld. Trade 12½ 88	200	95⅝	96⅛	−0½	+1⅜	13.43
Newfoundland 13½ 90	60	91¼	91¾	+0⅛	+1½	15.29
Nova Scotia 10¾ 90	50	80⅛	80⅝	+0⅛	+1¼	14.78
OKB 10 85	50	84⅞	85⅜	−0⅛	+0½	15.11
Ontario Hydro 13½ 91	100	93⅝	94⅛	−0⅞	+1⅝	14.68
Quebec Hydro 11½ 92	100	80¼	80¾	−0⅝	+1⅜	15.25
Queb. Hy. 13 91 (WW)	100	88⅝	89⅛	0	+1	15.23
Royal Bk. Canada 14 86	100	96⅝	97⅛	−0⅛	+0⅞	14.92
SNCF 12¾ 85	50	92⅝	93⅛	0	+1	14.87
SNCF 13 91	75	90¼	90¾	0	+0½	14.87
Sth California Ed. 14 87	50	96¼	96¾	0	+0⅞	14.90
Sven Handelsbk. 13¾ 88	45	92¼	92¾	0	+0⅛	15.58
Sweden 12¾ 85	150	90⅝	91⅛	+0⅛	+0⅞	15.32
Swed. Ex. Credit 12 83	50	92⅜	92⅞	+0⅛	+0½	15.90
Swed. Ex. Credit 13 86	75	90⅛	90⅝	+0⅛	+0⅛	16.03
Toronto-Dom. Bk. 14 84	50	96⅜	96⅞	−0⅛	+0⅛	15.49
Tribune O/S Fin. 14 88	50	95⅜	95⅞	0	+0⅞	15.30
World Bank 9¾ 85	200	84⅜	84⅞	0	+0⅞	15.09
World Bank 10¼ 87	300	81¾	82¼	+0⅛	+0⅜	14.97

Average price changes... On day −0⅛ on week +1

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 10 91	100	*97¼	98	0	+0⅛	10.39
Austria, Rep. of 8¼ 92	150	*84⅞	85⅝	−1⅛	−1⅞	10.52
CECA 7⅞ 92	150	*†86¼	87	+0⅛	−0⅛	9.89
CECA 10 91	120	*†98¼	99	−0⅛	−0⅛	10.21
CII-Honeywell 8¾ 90	125	*†88¼	89	−0⅛	−1⅛	10.34
Council of Europe 10 91	100	*97¼	98	−0⅛	−1	10.39
EIB 8½ 90	200	*87½	88¼	−0⅛	−0⅛	10.58
EIB 10½ 91	200	*†99⅞	100⅝	−0⅛	−0⅛	10.51
ESCOM 9¾ 87	100	*91	91¾	+0⅛	+0⅛	11.18
Finland, Rep. of 10 89	100	*96⅞	97⅝	−0⅛	0	10.52
Iberduero SA 9 90	100	*†90¼	91	−0⅛	−0⅛	10.64
Ind. Bk. Finland 8½ 90	50	*†88¼	89	−0⅛	−0⅛	10.44
Int.-Am. Dv. Bk. 10 91	100	*†98¾	99½	+0⅛	+0⅛	10.13
Japan Air Lines 8⅛ 87	100	*88¼	89½	−0½	−1⅛	10.50
Japan Dev. Bank 7⅞ 87	100	*85½	86¼	−0⅞	−2⅛	10.83
Kobe, City of 8 90	100	*85¼	86	−1⅛	−2	10.53
Midland Int. Fin. 8¼ 90	150	*87¼	88⅛	−1⅛	−1⅞	10.56
Nuclebras 9¾ 88	100	*†88¼	88⅞	+0⅛	−0½	12.19
OKB 8¾ 92	150	*†84⅜	85½	−0⅛	−0⅞	10.59
Oslo, City of 8¾ 90	80	*91½	92⅛	−0½	−1⅛	10.18
Venezuela, R. of 9¾ 90	150	*92½	93¼	−0⅛	−0⅛	10.98
World Bank 8 90	700	*84⅜	85	−0⅛	−1	10.70
World Bank 10 88	150	*99¾	100⅜	−0⅛	−0⅛	9.89

Average price changes . On day −0½ on week −0⅞

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aeroport Paris 6½ 91	60	*93¼	93¾	−0½	−1½	7.45
BFCE 6½ 91	100	*94⅞	94½	−0⅛	−2	7.32
Bayer Int. Fin. 5¾ 92	100	*†88	88½	−0⅛	−0⅞	6.77
Bergen, City of 6¾ 91	40	*97⅞	98⅜	−0⅛	−0⅛	7.03
Bhrmn.-Tettecode 7 90	40	*98	98½	−0½	−0⅛	7.27
CECA 6¾ 91	80	*94½	94¾	−0½	−0⅛	7.54
Denmark 5¾ 90	80	*86¼	86½	+0⅛	+0⅛	7.90
Dome Petroleum 5¾ 91	100	*92½	92⅝	0	−0⅛	6.83
Elet de France 5¾ 90	100	*86	86½	−1½	−3	7.33
Eurofima 5¾ 92	80	*†98	99	0	0	5.93
F G. H. Hypo. Bk 6 90	50	*†90	91	0	+0⅛	7.48
Finland, Rep. of 5¾ 90	80	*85½	85¾	−0⅛	0	7.87
Franc Petroles 6½ 91	80	*†93	94	−0⅛	−3⅛	7.45
Genstar 7 91	100	*99⅞	100⅛	+0½	0	7.00
Int.-Amer. Dv. Bk. 7 91	100	*97⅜	98	+0⅛	+0⅛	7.31
Japan Dev Bank 5¾ 90	100	*†92½	93	+0½	+0⅞	6.82
Mt. Blanc Tunnel 5¾ 90	60	*86⅝	86⅞	−0⅛	−0⅞	7.62
Newag 5¾ 90	80	*90	90½	−0⅛	−0⅞	7.27
OKB 7 93	100	*98⅝	98⅞	0	+0⅛	7.16
Oslo, City of 5⅞ 90	80	*87½	88	+0⅛	−0⅞	7.75
Philips Lamps 5¾ 92	100	*86	86½	−0⅛	−2⅛	7.09
Swed. Ex. Cred. 7¼ 91	75	*97	97¼	−0½	−0⅛	7.67
Trade Dev. Fin 6½ 90	50	*†92	93	+0⅛	+0⅛	7.26
Voest-Alpine 5¾ 90	80	*87	87¼	0	−0⅛	7.73
World Bank 6 91	100	*91	91¼	−0⅛	−0⅛	7.30
World Bank 7 90	100	*†100¼	100½	−0⅛	+0⅛	6.94

Average price changes... On day −0⅛ on week −0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk 8¾ 91	15	97⅜	98⅜	−0⅛	−0⅛	8.53
Australia 6½ 88	20	85⅝	86⅛	−0⅛	−2⅛	9.40
EIB 7⅜ 89	12	91⅝	92⅞	0	−0⅛	9.11
Finland 5 6 83	10	90½	91½	0	−1⅞	9.87
Finland 6.8 88	10	86⅝	87⅜	0	−0⅜	9.41
Finland, Rep. of 8⅜ 87	15	97⅝	98⅜	0	−0⅛	8.79

Average price changes .. On day −0⅛ on week −1

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	86⅛	87⅛	+0⅛	+1⅛	14.39
CIBC 13¼ 85 C$	50	96	96½	0	+2	14.88
CIBC 11½ 85 C$	60	88	89	0	+0⅛	15.44
Federal Dev. 11½ 90 C$	60	*†81¼	82¼	0	+0⅛	15.32
Fst. Can. Inv. 10 84 C$	50	†85½	86⅛	0	+1⅜	16.19
R. Bk Canada 10 88 C$	40	89¼	90⅛	0	+0⅛	12.92
Tordom Cpn. 13½ 85 C$	30	†98½	99½	−1⅛	−0⅛	15.63
M. Bk. Dnmk. 9 91 EUA	26	*89½	90¼	−0½	−0⅛	10.59
SOFTE 8¾ 89 EUA	40	*87¼	88½	−0½	−1⅛	10.59
U. Bk. Nwy. 9¾ 90 EUA	18	*96	97⅛	+0⅛	−0⅞	10.08
Algemene Bk. 10¼ 86 Fl	60	*95⅛	96⅛	−0⅛	−1	11.44
Bk. Mees & H. 10 85 Fl	75	*95¼	96	+0⅛	−1⅞	11.35
Heineken NV 10 87 Fl	100	*93⅞	93⅞	−0⅛	−1⅛	11.49
Nat. Nedrlnd. 10 88 Fl	80	*92½	93	−0⅛	−0⅛	11.59
Ned. Midd. Bk. 10 85 Fl	75	*94⅜	95½	+0⅛	−0⅛	11.46
Pierson 10⅛ 86 Fl	50	*95⅛	95⅝	−0⅜	−1⅜	11.54
Air France 14½ 86 FFr	200	*92½	93½	+0⅛	−2	16.67
Bk. America 14½ 86 FFr	250	*92⅞	93⅞	0	0	16.67
Charb'nages 13⅞ 85 FFr	400	*90⅞	91⅞	−0⅛	−0⅛	16.68
EIB 14⅞ 88 FFr	300	*91	92	+0⅛	−0⅛	16.25
La Redoute 14⅛ 85 FFr	125	*91	92	+0⅛	+0⅛	17.11
OKB 14 86 FFr	400	*91	92	−0⅛	+0⅛	16.67
Solvay et C. 14¾ 86 FFr	200	*99	100	−0⅜	−0⅛	14.88
Swed. Ex. C. 14⅞ 86 FFr	250	*93	94	0	0	16.64
U. Mex. Sts. 14 85 FFr	150	*†93	94	+0⅛	+0½	16.32
Acena 14 85 £	20	93⅞	94⅞	+0⅛	−0⅛	15.75
Beneficial 14¼ 90 £	20	89¼	90	−0½	−0⅛	16.42
BNP 13½ 91 £	15	91⅜	92½	+0⅛	−1	16.06
CECA 13½ 88 £	20	93⅛	93⅞	0	−0⅛	14.86
Citicorp O/S 13½ 90 £	50	93⅝	94⅛	+0⅛	−0⅛	14.73
Fin. Ex. Cred. 13¾ 86 £	15	94⅞	95⅝	0	−0⅛	16.17
Gen. Elec. Co. 12½ 89 £	50	90⅝	90⅞	+0⅛	−0⅛	14.59
Hiram Walker 14¾ 86 £	25	96½	96⅞	+0⅛	−0⅛	15.48
Privatbanken 14½ 88 £	12	94⅛	95	+0⅛	−0⅛	15.81
Rothschild 14⅛ 90 £	12	95	95¾	0	−0⅞	15.18
Royal Trustco 14 86 £	12	95⅛	96⅛	0	−1	15.12
Swed. Ex. Cr. 13¾ 86 £	20	96⅝	96⅞	0	−0⅛	15.01
Banobras 8¼ 90 KD	7	†90	90½	0	0	9.88
CCCE 8½ 91 KD	10	†82⅛	83⅛	0	0	11.04
Sonatrach 8½ 90 KD	12	†93	92½	0	0	9.88
Akzo 9¾ 87 LuxFr	500	*85⅝	86⅝	0	−0⅛	12.49
Euratom 9¾ 88 LuxFr	500	*87¼	88⅝	+1⅞	−0⅛	12.52
Eurofima 10½ 87 LuxFr	500	*91⅝	92⅝	−0⅛	−0⅛	12.32
EIB 9¾ 88 LuxFr	600	*90	91	−0⅛	−0⅛	11.87
Volvo 9¾ 87 LuxFr	500	*86⅝	87⅝	−0⅛	0	12.75

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5¾ 87	0¼	99¼	99¾	2/7	16⅝	16.71
Bank of Montreal 5¾ 90	0¼	99⅝	100⅛	18/8	19½	19.52
Bank of Tokyo 5¾ 89	‡0½	98¼	98¾	25/7	16½	16.75
BBL Int. 5 86	0¼	99⅝	100⅛	20/11	18.31	18.34
BNP 5½ 88	‡0⅛	98⅞	99⅜	29/7	16.44	16.58
CNT 5¾ 86	§0¼	99⅜	99⅞	16/10	16.81	16.88
Christiania Bk. 5½ 91	‡0¼	98¼	98¾	5/8	17.31	17.58
Citicorp O/S F. 84	‡0	99⅛	99⅝	30/5	16⅞	16.95
C. Itoh 5¼ 87	0¼	98¼	98¾	18/9	15.44	15.59
Co-operative Bk. 6 86	0¼	99⅝	100⅛	15/11	19.56	19.59
Den Norske Credit 6 90	‡0¼	98⅛	98⅝	6/8	17.31	17.49
Genfinance 5¼ 87	0¼	98⅞	99⅜	30/10	16.94	17.09
Giro und Bank 5¾ 91	‡0¼	98⅜	98⅞	23/6	14.06	14.26
GZB 5½ 89	‡0¼	98⅝	99⅛	1/8	17.31	17.51
Ind. Bank Japan 5¼ 87	0¼	99	99½	15/10	17.06	17.19
Ind. Bank Japan 5¼ 88	0¼	98⅝	99⅛	9/10	16.44	16.62
Lloyds Eurofin 8 90 £	0¼	96⅝	97⅛	3/7	14½	14.95
Lloyds Eurofin 5¼ 92	0¼	99	99½	4/6	17⅛	17.38
LTCB Japan 5¼ 88	0¼	99⅝	100⅛	13/6	20.19	20.21
Man. Hanov. O/S 5¼ 94	‡0¼	98⅝	99⅛	30/5	17	17.11
Merrill Lynch O/S 87	0⅛	100⅛	100⅝	7/8	20.44	20.31
Midland Int. Fin. 5¼ 92	0¼	99	99½	5/6	17.19	17.32
Midland Int. Fin. 9 91	0¼	98	98½	30/10	16.81	17.11
Nacional Fin. 6¼ 86	0¼	98⅛	98⅝	25/7	17⅝	17.86
Nacional Fin. 5½ 88	0¼	96⅝	97⅛	25/9	14⅞	15.38
Nat. Bk. Canada 5¼ 88	0¼	97½	98	24/9	14½	14.89
Nat. West. 5¼ 94	§0¼	97½	98	14/10	16.19	16.56
Nat. West. 5¼ 92	§0¼	97⅝	98⅛	23/10	16.81	17.18
Pemex 6 91	0⅛	97⅛	97⅝	8/10	15.31	15.73
Sparebanken 6 87	0¼	99⅜	99⅞	19/6	19⅞	20.00
Standard Chart. 5¼ 90	0¼	98⅝	98⅞	3/9	17.06	17.30
Svenska Hndlsbk. 5 87	0¼	99½	100	15/7	17.81	17.86

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	97½	99	+0⅛	16.67
Canon 6¾ 95	1/81	829	†187⅛	189½	+3½	0.37
Credit Suisse 4¾ 93	10/79	1238	†82	84	+4	1.74
Digicon Fin. 8½ 95	10/81	29.5	†113½	115	+1⅜	−1.28
Fujitsu 5½ 96	7/81	732	103⅞	104⅞	−0⅛	12.81
Hanson O/S Fin. 9½ 96	8/81	2.74	91⅞	93⅛	+0⅞	3.52
Ina Overseas 8⅜ 2000	4/81	42	108⅛	110⅛	+2⅛	1.98
Inchcape 8 95	2/81	4.55	83½	85	−1	−0.01
Kotobukiya Co. 7 96	4/81	619	†96⅞	97½	+0⅛	−1.85
Marion Int. Fin. 9 95	12/80	15.5	84¼	85¾	−1⅛	23.94
Matsushita El. 7½ 95	11/80	590	99	100	−0⅛	4.14
NKK 6½ 96	7/81	188	100⅜	101⅞	+0⅛	−4.00
Ricoh 6⅜ 95	8/80	604	128⅛	129⅛	+1⅛	0.89
Sumitomo M. Ind. 7 95	2/81	181	141½	142⅛	+3⅛	0.33
Swiss Bk. Cpn. 6¾ 90	9/80	200	†72	74	−0⅛	29.88
Taylor Woodrow 8¾ 90	1/81	4.94	102⅛	104	−0⅛	0.34
Tokyu Land Cpn. 7¾ 96	4/81	325	99⅛	100⅛	+0⅛	9.27
Transco Int. 8¾ 90	2/81	56	86⅛	87½	+1⅛	23.38
Tricorp 8½ 95	12/80	31.25	86	87⅛	+0⅛	8.28
Union Bk. Switz. 5 89	2/80	70.79	†71	72	−1	2.23
Fujitsu 5 84 DM	7/79	431.5	*166⅛	167⅛	+2½	−1.48
Sharp Cpn. 6½ 88 DM	9/80	595	*156⅛	157⅛	+5⅛	−1.06
Uny Co. 6½ 95 DM	11/79	879.3	*108⅛	109⅛	+0⅛	−2.45

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds, where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CONFLICT OVER LEGISLATIVE REFORM

New challenge for German banks

BY STEWART FLEMING IN FRANKFURT

AFTER TWO years of plunging profits, reduced dividends and imposed ecsonomies, the West German banking industry is facing up to a new challenge, the outcome of which will help to determine the competitive balance between the different segments of the industry for many years to come.

However, the battles are not being fought in the financial market places of Frankfurt, London and New York, but in the corridors of the Finance Ministry in Bonn and in the conference rooms of the influential associations which represent the varied segments of a highly diversified and competitive banking sector.

After cautious and careful thought since the collapse of Bankhaus Herstatt in 1973, it is now widely expected that over the next 12 to 18 months new legislation will be produced which will bring about a far reaching reform of the banking laws. Already a first draft of legislation has been tossed aside and work has begun on revised proposals, partly in response to changing economic conditions and also to lobbying pressure.

The complex structure of the German banking industry, with its network of competing public and private banking organisations, coupled with the grim financial conditions facing all the banks, has also sharpened the conflict over the planned legislation. Thus the powerful savings banks have had their claims for special treatment—based on their public guarantee—challenged by the private and commercial banks, which are finding it more expensive and difficult than in the past to generate the capital resources they need to back the growth of their balance sheets.

The stakes in the lobbying battle now underway go far beyond the domestic German arena. The existing Kreditwesengesetz (KWG), or banking act, lays down strict regulations governing the amount of equity capital a bank must have in relation to its balance sheet total. It restricts the size of individual loans a bank can make, regulates the liquidity it must maintain, and sets out how it should conduct its foreign exchange operations.

The most often cited of these regulations is Principle I,

Dresdner Bank
COMMERZBANK
Deutsche Bank

which lays down that a credit institution's loans and participations shall not amount to more than 18 times its shareholders' funds. The apparent simplicity of this requirement quickly disappears when one looks at the detailed regulations, one of which for example, lays down that loans to the Federal Government and German public authorities need no equity capital backing.

This provision has certainly facilitated the growth and financing of budget deficits. But it has also helped to add to the red ink on the balance sheets of many banks which were only too eager to make longer-term fixed interest loans to government borrowers to expand their balance sheets. At today's interest rates these loans are no longer earning their keep.

As German banks have found their profits and their capital ratios coming under pressure over the past 18 months, there has been much juggling of balance sheet items, in particular a cutting back of interbank business, which has been aimed at applying capital resources more profitably.

It is not only the small print of the regulations, however, which makes reform of the banking act such a major undertaking and one of such importance for the financial markets.

The law, naturally enough, applies only to German banks, their foreign branches, and domestic subsidiaries in which they own more than 51 per cent.

This legal construction leaves out overseas subsidiaries, in particular the Luxembourg subsidiaries through which the banks have been channelling a high proportion of their overseas lending.

Now, however, the German banking authorities are determined to bring such subsidiary operations into the consolidated accounts of the German parent and, in all likelihood, to subject them to German legal regulations. As in some Luxembourg subsidiaries the capital to loans ratio is already around 1:28 instead of the German minimum of 1:18, this prospect could imply that certain banks will need substantially to increase their capital. There is little doubt that some of the recent rights issues by German banks have been made with an eye to likely changes in the law.

The Association of German Bankers would prefer to see consolidation of foreign subsidiaries, if it comes, without the application of the strict capital and liquidity regulations. Indeed, there is evidence that even within the supervisory authorities (the Bundesbank and the Bank Supervisory Office in Berlin), some officials feel that the increased information which would come from consolidation might be enough to provide the improved regulatory leverage

However, many senior bank executives expect reform of the banking act to result in the application of the existing principles of German banking law to foreign subsidiaries. The terms on which this is done, however, will be the subject of protracted argument, for they will affect the German banks' ability to compete against foreign banks and their ability to finance Germany's international commercial and financial dealings.

The complications of reforming the banking act do not end here. Savings banks and credit cooperatives, quoted commercial banks, and private banks, are all subject to the banking act, even though their capital structures and opportunities to raise new capital are so varied.

The fast growing credit cooperatives do not have equity share capital in the stock market sense, for example, and the savings banks have never called on their shareholders, which include local government authorities as well as regional savings banks associations, for equity capital.

Mixed results at Japanese computer groups

BY YOKO SHIBATA IN TOKYO

JAPAN'S THREE leading manufacturers of telecommunications equipment and computers, Nippon Electric (NEC), Fujitsu, and Oki Electric Industries, have reported strongly contrasting results in operating profits for the year to March 31, but all three showed advances in net earnings ranging from 17.9 to 37.4 per cent.

NEC lifted operating profit to a record of Y35.19bn ($160m), an increase of 49.7 per cent. Fujitsu experienced a slight setback, of 3 per cent to Y32.42bn ($147m), the first in six years and Oki Electric a steeper fall of 24 per cent to Y7.51bn ($34.12m).

The setbacks in operating profit were blamed on increased interest payments and depreciation costs following high levels of capital outlay. Net profits rose by 37.4 per cent to Y18.05bn at NEC, by 17.9 per cent to Y8.45bn at Fujitsu and by 27.7 per cent to Y3.91bn at Oki.

NEC had the strongest sales boost, up 24 per cent to Y892.81bn. Most of the gain came from the computer sector, which showed an increase of 19.8 per cent to account for 26.9 per cent of the total. There was also brisk domestic demand for electronic devices,

NEC's ratio of interest payments to total sales improved by 0.1 per cent to 2.1 per cent. The slower growth in net profits was chiefly attributed to yen translation losses which totalled Y2bn.

Fujitsu's sales of computers advanced by 16.9 per cent to account for 65.7 per cent of the total at Y581.68bn ($2.64bn). Domestic demand was strong. Sales of electronic parts, including semiconductors, showed marked growth (up 36.5 per cent to account for 13.4 per cent of the total). However, growth was slower in the telephone switching equipment sector (up 4.7 per cent), and in the radio transmission equipment sector (up 3.3 per cent).

Because of the yen's appreciation during the year, growth in exports weakened (up 2.8 per cent) to account for 14 per cent of the total.

Oki Electric experienced brisk sales of electronics parts (up 32 per cent), largely because of a major capacity expansion of semiconductors.

All three manufacturers are confident of earnings growth in the current year. NEC has projected operating profits at Y40bn, up 14 per cent, net profits at Y20bn, up 11 per cent, and sales of Y1,010bn, up 13 per cent.

Fujitsu's full year operating profits are expected to reach Y37bn, up 14 per cent, net profits Y17.5bn, down 5.2 per cent, and sales Y660bn, up 13.4 per cent.

Oki Electric expects operating profits to reach Y8bn, up 8.7 per cent, with net profits at Y3.8bn, down 2.6 per cent.

Companies and Markets **INTERNATIONAL COMPANIES and FINANCE**

Toyota Motor Sales profits hurt by appreciation of yen

BY YOKO SHIBATA IN TOKYO

TOYOTA MOTOR SALES, the sales arm of Toyota group, has reported a fall of 10 per cent to Y30.90bn ($137.32m) in consolidated after-tax earnings for its year ended March 31, 1981.

Operating profits declined by 20.8 per cent to Y57.81bn ($256.94m) and higher costs and the appreciation of the yen against the dollar were partly responsible for the dip in profits. Sales were up 7.4 per cent to Y3,590bn ($15.96bn) on the previous year. Per share profits fell to Y68.60 from Y90.44 in the previous year.

During the year, the company sold 3.35m vehicles, 3.4 per cent more than in the previous year. In volume terms, exports totalled 1.8m vehicles, up by 301,526, or 20 per cent, on the previous year. Export growth made up for the fall in the domestic market where sales totalled 1.45m units down 11 per cent, or 176,114 units, from the previous year.

Exports totalled 55.4 per cent of the sales volume, an advance on the 48 per cent in the previous year. The increased costs included Y29bn for higher freight and land transportation charges and Y7.4bn for increased advertisement costs. In addition, exchange gains fell to Y2bn from the previous year's Y13bn.

Toyota Motor Sales—which as well as handling the sales of Toyota vehicles shares ownerships of overseas production and sales offshoots with Toyoto Motor Company, the production arm—expects to hold sales at the 3.26m unit level this year, with domestic sales increases making up for export declines.

Domestic sales are forecast to rise by 10 per cent to 1.6m while exports are expected to decline by 8 per cent to 1.66m.

Operating profits in the current fiscal year are forecast to be roughly unchanged at Y58bn.

● Nippon Kokan, the second largest Japanese steelmaker, has forecast that taxed profits and sales will be almost unchanged in the current year to March 31. It said an expected improvement in profits and sales from its shipbuilding and machinery divisions would be offset by a slowdown in steel sales, including exports.

In the year to March 1981 it reported a 44.2 per cent rise in taxed profits to Y36.30bn ($161m) from Y25.18bn a year earlier on sales of Y1,420bn against Y1,310bn.

Mitsubishi Motors blames Chrysler link for setback

BY OUR TOKYO CORRESPONDENT

LOSSES stemming from its ties with Chrysler Corporation of the US were blamed by Mitsubishi Motors Corporation for a sharp decline in net earnings for the year ended March 31. The 40.8 per cent fall to Y8.34bn ($37m) from Y 14.09bn was in spite of a healthy increase of 22.7 per cent in sales to Y1,108bn ($4.92bn) from Y903.04bn the previous year. Sales improved both at home and abroad.

The number of vehicles sold domestically rose 10 per cent to 220,000 from the preceding year while exports rose even more strongly, by 46.2 per cent to 432,000 units.

Mitsubishi Motors, in which Chrysler has a 15 per cent stake, markets its cars and trucks in the U.S. through Chrysler under such names as Dodge Colt and Plymouth Champ. It said that U.S. sales declined 23 per cent from the previous financial year.

After Japanese lenders suspended credits to Chrysler for a few months during the year, Mitsubishi Motors financed its own exports and shouldered interest and U.S inventor payments These and other Chrysler-related expenditures came to about $150h, Mitsubishi said.

Mitsubishi Motors also said that unfavourable foreign exchange conditions resulted in losses amounting to Y24.8bn, in contrast with a Y14.8bn foreign exchange gain in the previous year.

Rises in the prices of steel and other materials, as well as an upsurge in the gas and electricity rates were also contributing factors to the profit decline. Utility charges rose by more than 50 per cent in April last year.

The company is more optimistic about the earnings results in the current fiscal year. It expects Chrysler to improve its financial status this year and, with the recovery, sees its own earnings recovering.

For the current fiscal year, the Japanese company is expecting net profit of Y10bn on sale estimated to total about Y1,120bn.

Kevin Done in Cologne analyses a loss-making German car producer

Ford-Werke makes a U-turn

M. DANIEL GOEUDEVERT, the 38-year-old chief executive of Ford-Werke, joins the company at an opportune time—it can hardly perform worse under him than it did last year under his predecessor Herr Peter Weiher, now a senior executive with Volkswagen in the U.S.

When M. Goeudevert joined Ford's West German subsidiary in January from Renault he took over a company which had just run up one of the biggest losses in its history, turning a profit of DM 483m in 1979 into a deficit of DM 463m ($197m) in 1980. Production had slumped by 25 per cent, sales were down by 21 per cent and Ford's share of new car registrations in West Germany had plummeted to 10.3 per cent, its second worst performance of the last 10 years.

The West German motor industry overall has been slipping into recession since mid-1979 after some four years of steady expansion. Car production last year fell by 10.5 per cent to 3.52m, new car registrations dropped by 7.5 per cent and car exports declined by 6.2 per cent.

Of all the West German car makers, Ford was least able to cope with the slide, however, and a series of factors combined to send it deeply into the red, precisely at the moment that its parent company in the U.S. was also shipping water at an alarming rate.

Ford has not been alone in its troubles. Opel, the West German subsidiary of General Motors, also ran up "considerable losses" last year and Volkswagen, West Germany's largest car manufacturer, saw its profits more than halved in 1980, although its main problems were suffered in Brazil, the U.S. and in the electronics industry.

Ford was hit hardest of them all, however, because the sudden shift in customer demand away from larger cars — the most profitable end of its business—caught it without an up-to-date competitor in the vital smaller car sector of the business.

As motorists moved in increasing numbers to more economical small cars under the pressure of rising petrol prices, Ford could only sit out the crisis as it waited for its new Escort model to be launched in the autumn last year.

Sales of its top-of-the-range Granada model, which Ford-Werke also makes for other parts of the Ford organisation, dropped like a stone with dealers taking only 87,349 models compared with sales of 178,822 in 1979.

Motor companies such as Ford depend heavily on volume and with the capacity of the Granada and Capri works in Cologne averaging only 57 per cent last year Ford finally had to move to cut its workforce. More than 6,000 jobs went in a voluntary redundancy and early retirement programme which cost Ford DM 136m.

The shift in buying patterns was dramatic in the Federal Republic last year. The share of West German car production generally going to the class represented by the Granada dropped to 19.7 per cent of output compared with 26 per cent in 1979 and there were also falls in the Taunus class (the equivalent of the Cortina in the UK) and the Fiesta market sector.

The only market segment to make ground was the Escort, which pushed up its share of German car production to 34.8 per cent from 25.4 per cent in 1979. It was precisely here that Ford lacked a real competitor for much of the year.

Since its launch last autumn the new Escort has been well received and Ford-Werke's Saarlouis plant which makes this model has been working at full capacity to meet demand. A total of 22 special extra shifts have been agreed with the workforce there up to the end of November to squeeze out another 10,000 models this year.

In earlier years, Ford has been able to balance any dip in demand in the domestic market by increasing exports, but last year it was hit additionally by the gathering recession in several other European car markets, with the result that its total vehicle exports slumped by 23.7 per cent to 446,260.

In groping for reasons to explain last year's failure M Goeudevert has also been quick to mount the fashionable defence of the Japanese onslaught on the European and, particularly, West German car markets.

With his back more to the wall than any of the other German car makers, M Goeudevert spelled out this week that he wants a respite for the German market of at least 4-5 years from increased Japanese car imports. Imports should be pegged at the level of 1980 or, even better, of 1979.

Coinciding with M Goeudevert's arrival, Ford-Werke launched an expensive and aggressive sales promotion which helped to turn the tide in the first three months this year. Plants were working at 75 per cent of capacity in the first quarter compared with the average of only 72 per cent for the whole of last year.

The total domestic market was still shrinking compared with a year ago but Ford managed to dramatically increase its share of sales in the first quarter, with the Escort playing a major role. Market share in the first quarter was up to 15 per cent, although it dropped to 9.5 per cent in April as the dealer subsidy programmes came to an end. M Goeudevert is expecting a market share of 12 per cent for 1981 as a whole.

The performance in 1980 is not dampening Ford's investment intentions and the five-year capital spending programme of DM 3.5bn is going ahead as planned. Some 75 per cent of the investment in the last two years has been in new product development, and with a new Taunus planned as the next model launch, Ford is planning a new model a year for the next five years.

French computer group files for bankruptcy

BY TERRY DODSWORTH IN PARIS

LOGABAX, the loss-making French manufacturer of small computers, has thrown into confusion Government plans for developing this industry by filing for bankruptcy.

The failure of Logabax presents the incoming Socialist administration with one of its first serious industrial problems. The company employs almost 2,000 and has already received Government backing in a FFr 240m ($43.6m) rescue mounted by a consortium including several banks, together with its Belgian majority shareholder, Electrobel.

Losses for last year, forecast at the time of the rescue at around FFr 130m, have been substantially revised upwards. Latest estimates put them at around FFr 219m, on a turnover of about FFr 600m.

The company has already indicated that it needs to push through substantial redundancies and receive a big new injection of funds. In the longer term, the orginal plan was to merge with Intertechnique, another group in the same sector, controlled by the Dassault aerospace group.

Under French company law one of the solutions now open would be to place Logabax under court authority and allow trading to continue while it sought a new partner or a financial injection. This process is often used in sectors where the authorities feel there is a sound future for the company in question.

Unions from Logabax, who have seen officials at the Industry Ministry, have been told that Logabax is considered to have a viable production unit and that efforts to find new partners will continue.

Orenstein und Koppel drops into the red

BY JONATHAN CARR IN BONN

WEST GERMAN engineering group Orenstein und Koppel expects improved results this year after plunging into the red in 1980 after being squeezed by rising costs and falling demand.

The Dortmund-based concern better known as O and K, said it had begun the year with orders in hand up by 9 per cent to DM 740m ($315m), mainly for open-pit mining and shipyard equipment, deck cranes and cement plants.

It planned to push ahead with efforts to restructure and curb costs, a strategy which has alreayy brought reorganisation at some of O and K's domestic plants and a cut in the labour force over the last 12 months of 1,000 to a total of 8,500. But it remains far from clear when a dividend can again be paid.

After posting a net profit of DM 5.8m in 1979, the company plunged DM 49.6m into the red in 1980—a loss which is being met partly through profits carried over from the previous year (DM 5.5m), but mainly by drawing on reserves.

The company's major shareholders—which include the German-Dutch Estel-Hoesch concern—have recently made O and K a long-term loan of DM 40m, which it is planned to convert into capital at a later stage.

Group turnover fell last year by 5.2 per cent to DM 1.27bn, while that of the parent company dropped by 12 per cent to DM 1.03bn, of which 47 per cent was accounted for by exports, compared with 43 per cent in 1979.

The parent company turnover details show that O and K's leading sector — construction machinery—showed the least marked sales decline, of 5 per cent to DM 632m.

Degussa sales rise but margins remain weak

BY ROGER BOYES IN BONN

DEGUSSA, the West German precious metals, chemicals and pharmaceuticals group, recorded a 27 per cent increase in world sales during the first half of its 1980-81 business year.

But the increase has more to do with beneficial price fluctuations on the precious metals mar than on a fundamental improvement in trading.

That picture emerges from an interim letter issued to shareholders which says that world wide sales reached DM 5.5bn for the six months ended March, 1981, compared to DM 4.3bn. Parent company sales showed a similar increase.

Turnover rose strongly during the first quarter of the trading year but fell back, as anticipated, in the second quarter, said the report, adding that business activity has picked up again slightly over the past few weeks.

"Although we do not regard this as an economic recovery as yet, we nonetheless expect the earnings picture to stabilise."

This is important because although Degusa recorded an increase in group profits last year—from DM 50m to DM 68m—margins are clearly under pressure in several of the group's key divisions. For example, the chemicals division found it impossible to pass on the full effect of substantial cost increases.

The metals division benefited from the precious metals price rises but it too is registering "difficult trading."

The slackening of precious metal prices, means that the parent company is unlikely to show the kind of sales growth in the second half as seen in the first six months, but this should benefit overall profit margins.

The report reassured shareholders that "unless precious metal prices rise again steeply before the end of the trading year, we can expect tax to be significantly lower. As a result we hope to present satisfactory accounts for the year."

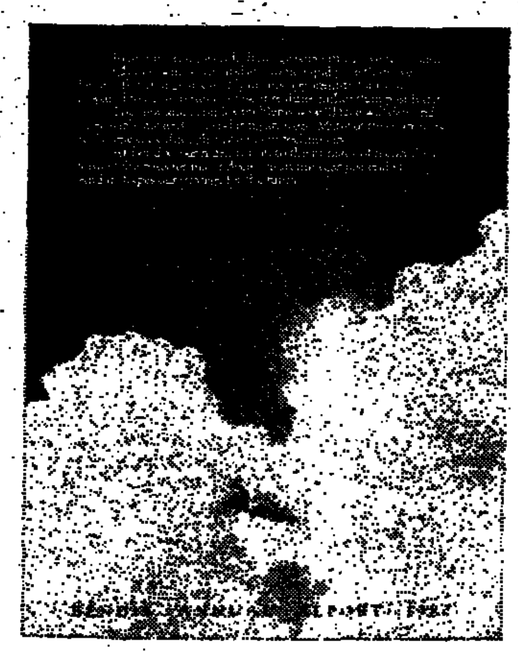
These fifteen Annual Reports represent the final pages of a 3-part series, designed to keep you informed on major North American companies.

North American Companies

Investors Update 3

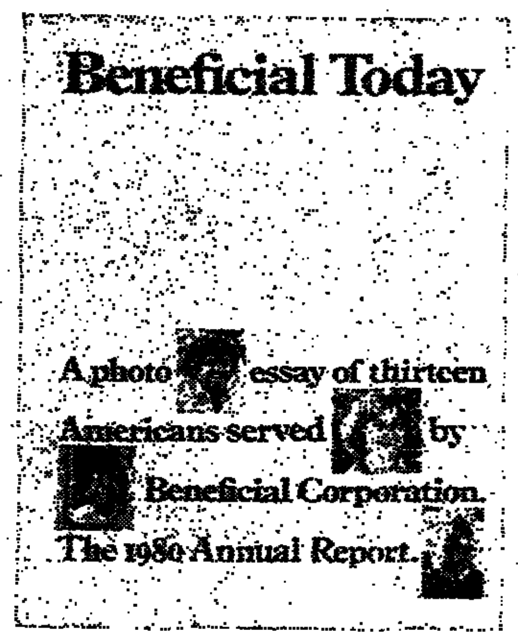
Avco Corporation

Avco Corporation (NYSE: AV) is a diversified international company with major interests in aerospace, defense, and financial services. It exceeded $2 billion in revenues, reported $119 million in net earnings and, at 1980 year-end, had close to $6 billion in assets and a record $2.3 billion backlog. During the next five years, management expects growth in its aerospace-related areas to outpace that of its financial services activities. Total revenues could approach $5 billion by 1985.



The Bendix Corporation

1980 was another year of continued financial progress at Bendix, a major supplier of automotive, aerospace-electronics, and industrial products and services. It was the tenth successive year in which net income increased over the previous year's performance. Revenues from continuing operations rose 13.2 percent to $3.86 billion. Income from continuing operations, as restated from previously reported results to reflect the sale of an equity interest in ASARCO Incorporated, was $134.2 million. Income per share from continuing operations, as restated, amounted to $5.38. Net income per share was $7.68.



Beneficial Corporation

Beneficial Corporation (NYSE:BNL), a $6.0 billion Delaware-based, diversified financial services holding company. Current annual dividend; $2.00/share. 1980 Net Income: $94.0 million, EPS: $3.45.

Major subsidiaries: Beneficial Finance System affiliated companies ($4.2 billion in receivables); Benico Insurance companies ($7.1 billion life insurance in force); First Texas Savings Association (2nd largest in Texas); Beneficial Income Tax Service companies; Beneficial Leasing Group; Spiegel, Inc.; Western Auto Supply Company.

Bunker Ramo Corporation

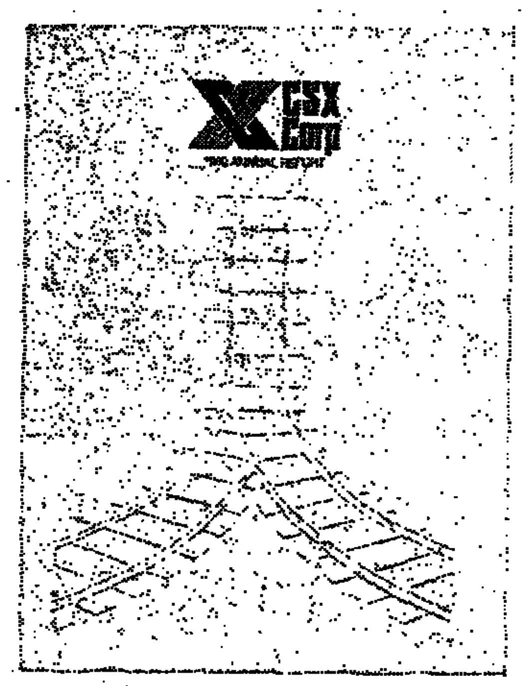
Bunker Ramo Corporation is engaged in the development, manufacture and sale of electrical and electronic components, electronic information systems and knitted deep pile fabrics. In 1980 it had revenues of $467,559,000, of which $137,823,000 came from foreign operations. Net income was $27.2 million, or $4.23 per share. The company has operating facilities in Germany, England, France, Canada and the United States, as well as affiliates in Japan and India.

Commerce Southwest Inc.

Commerce Southwest Inc. is a Texas bank holding company headquarterered in Dallas and operating primarily in the dynamic North Texas market. For the first quarter ended March 31, 1981 the company's assets totalled $786 million, up 87% over the same point last year. Commerce Southwest's primary earnings per share for the first quarter rose to $.24, an increase of 100% over 1980's first quarter performance. Commerce Southwest has seven member banks including its flagship bank, the National Bank of Commerce of Dallas, the fifth largest bank in the city. One additional North Texas bank acquisition is pending.

Consolidated Foods Corporation

Continued success in meeting growth objectives was reflected in fiscal 1980 performance and is projected for fiscal 1981. Leading positions in consumer packaged goods, food services and consumer direct sales have provided consistent improvement in EPS, return on equity and dividends, now at $1.90. In 1980, earnings rose 14.4% to $4.12 and return on equity increased for the fifth year to 15.6%.



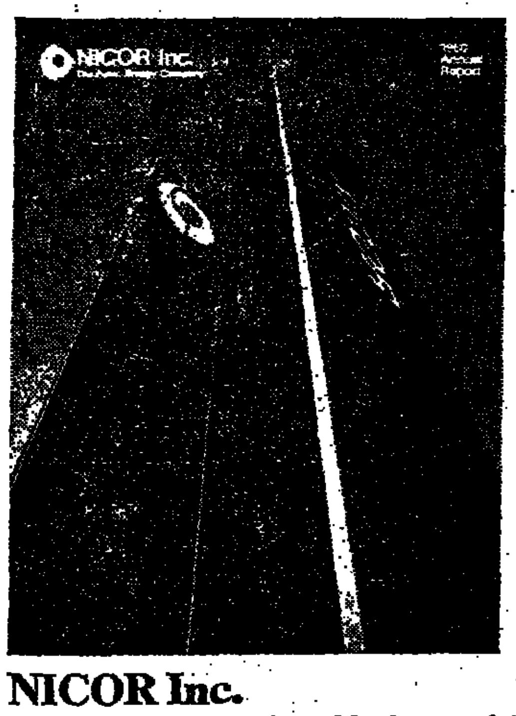
CSX Corporation

	1980	1979
Earnings	$281.6 million	$237.1 million
Earnings per Share	$7.13	$6.12
Total Assets	$7,523.1 billion	$7,082.0 billion

CSX Corporation was created November 1, 1980, by merger of the Chessie System, Inc., and Seaboard Coast Line Industries, Inc. CSX now directs planning and sets overall policy for all affiliates of these companies. They include: The Family Lines and Chessie rail systems, Florida Publishing Co., The Greenbrier, and companies involved in aviation, minerals, coal, oil and gas development.

InterNorth, Inc.

Our 1980 annual report is the story of record operating revenues of $3,037,764,000, 22% higher than in 1979; record net income of $211,722,000, 14% higher than in 1979, and record earnings of $4.70 per share, 15% over the 1979 record. International headquarters: Omaha, Nebraska 68102.

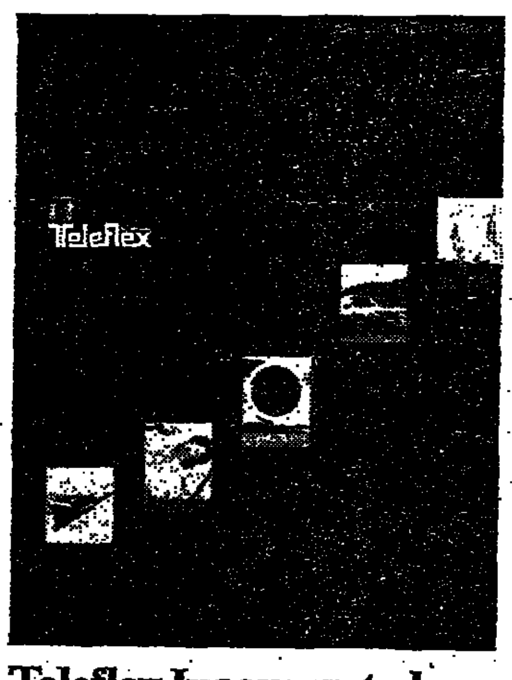


NICOR Inc.

NICOR engages in exploration and development of oil and gas properties; contract drilling for oil and gas operators; barging of petroleum and chemical products; operation of offshore service vessels; marine and diesel equipment repairs; development and mining of coal and other mineral reserves; gas distribution; and other energy-related activities. Net income rose 16% to $101.4 million on revenues of $1.7 billion in 1980. Earnings per share were $5.00. The May 1, 1981 quarterly dividend increased 6% to 71¢ per share...the 22nd increase in 23 years. NYSE: GAS

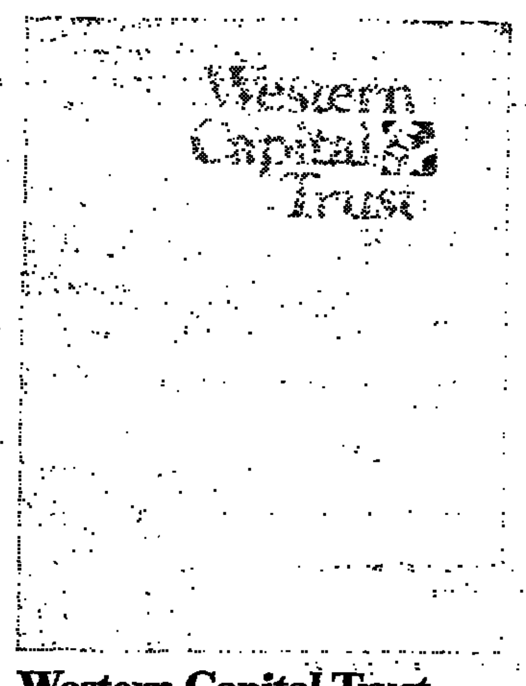
Philadelphia Suburban Corporation

On May 28, shareholders will vote on a plan to spin off Enterra Corporation effective July 1. Enterra is the largest company renting oil and gas well drilling and workover equipment. Earnings have compounded at 32% since 1971, reaching $29 million after taxes in 1980. Enterra and "new PSC," the latter consisting principally of a water utility, both will trade on the New York Stock Exchange.



Teleflex Incorporated

Despite recessions in two of its traditional markets—automotive and marine, Teleflex Incorporated continued its five-year record of increasing revenues and earnings during 1980. Revenues climbed to $79.0 million from $68.8 million in 1979, a gain of 15%. Net income rose to $4.76 million from $3.87 million, a gain of 23%. Earnings per share increased to $1.57 from $1.29, adjusting for a two-for-one stock split in December. Results reflect a continued strengthening of technical portions of the company's business in aerospace, coatings, and medical, and a redeployment of assets away from those with energy sensitivity.



Western Capital Trust

Incorporated under The Trust Companies Act of Canada, Western Capital Trust is one of Canada's most progressive financial institutions. Specializing in the provision of conventional MICC and NHA insured long term loans as well as intermediate term and development financing, the company has been instrumental in creating the financial framework for a wide variety of successful residential, commercial and industrial real estate developments. Western Capital Trust also offers deposit instruments for individual, corporate and institutional investors.

Please send me the following Annual Reports.

- ☐ 25 AMETEK, Inc.
- ☐ 26 Avco Corporation
- ☐ 27 The Bendix Corporation
- ☐ 28 Beneficial Corporation
- ☐ 29 Bunker Ramo Corp.
- ☐ 30 Chicago Mercantile Exchange
- ☐ 31 Commerce Southwest Inc.
- ☐ 32 Consolidated Foods Corp.
- ☐ 33 CSX Corporation
- ☐ 34 InterNorth, Inc.
- ☐ 35 Lowe's Companies, Inc.
- ☐ 36 NICOR Inc.
- ☐ 37 Philadelphia Suburban Corporation
- ☐ 38 Teleflex Incorporated
- ☐ 39 Western Capital Trust

I also want these Annual Reports featured May 27 and May 28.

- ☐ 01 Alcan Aluminium Ltd.
- ☐ 02 AMP Incorporated
- ☐ 03 Borg-Warner Corp.
- ☐ 04 Crum and Forster
- ☐ 05 Holiday Inns, Inc.
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- ☐ 20 Matrix Corporation
- ☐ 21 Moore McCormack Resources, Inc.
- ☐ 22 Northwest Energy Company
- ☐ 23 United Energy Resources, Inc.
- ☐ 24 Windsor-Essex County Development Commission

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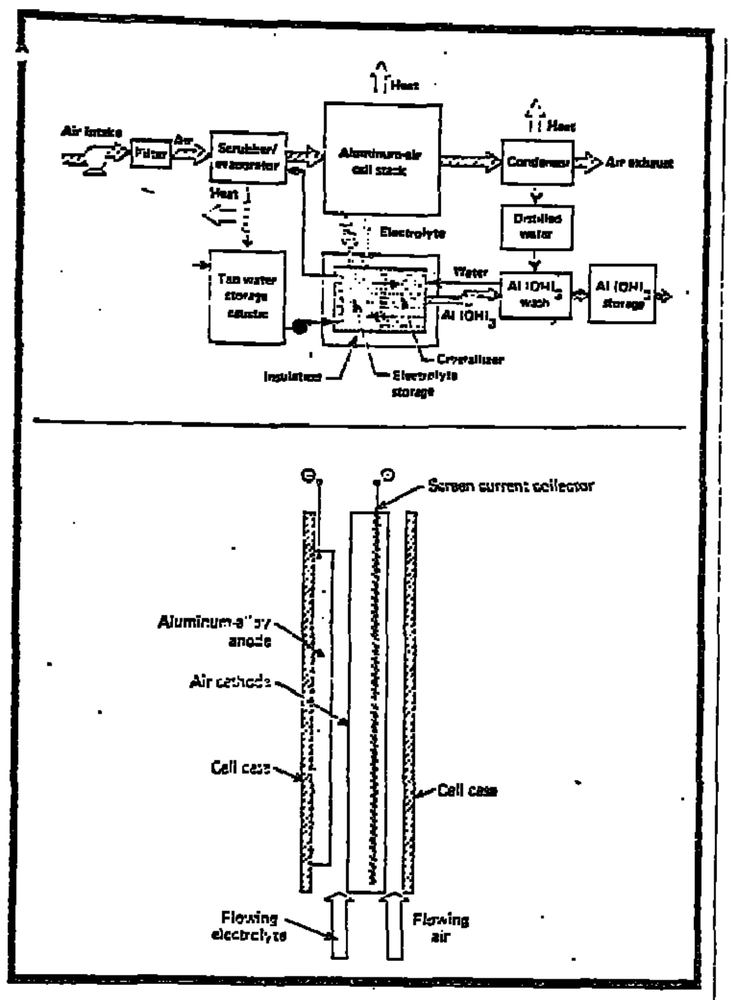
TECHNOLOGY

EDITED BY ARTHUR BENNETT AND ALAN CANE



THE BASIC structure of cell plates in the Lawrence Livermore National Laboratories aluminum air cell (below) and the complete battery system (above). In the cell the "air" electrode is a composite of carbon and Teflon that retains air; the anode is an aluminium plate and is consumed in the presence of the sodium hydroxide electrolyte to give electrical current. The complete battery has facilities for cleaning the input air, pumping air, electrolyte, water and residual salts, and preparing the salts for straightforward removal by garage or motorist. A 100 kilowatt-hour vehicle version is expected to be ready by 1987.

Filling the car with aluminium

BY GEOFFREY CHARLISH

WORLD INTEREST is beginning to focus intently on the aluminum/air energy cell for electric car propulsion which has now been taken beyond the full scale single cell prototype stage at the Lawrence Livermore National Laboratories in California.

The device is not really a battery at all in the conventional sense since materials are pumped through it and are processed externally. It uses only water, aluminum and air and produces aluminum *tri-hyroxide* which the aluminum industry would be able to re-cycle back to the metal.

Indeed, widescale use of such cells in cars would significantly change the nature of the aluminum industry since the metal would be used (but re-cycled) on much the same scale that petroleum is at the moment.

All the garage or motorist would do would be to add water and replace the used-up aluminum plates at intervals not expected to be less than 400 km (250 miles) and 1,600 m (1000 miles) respectively. The crystalline salt by-product would probably need to be removed in some kind of modular carrier at 800 km (500 miles) intervals.

Some $2m will be spent this year and about the same in 1982 to bring the concept to the manufacturing stage — there are a number of practical problems to be solved yet.

LLNL is a U.S. Government laboratory funded by the Department of Energy: four major U.S. corporations are also involved — Alcoa, Diamond Shamrock, Lockheed and Reynolds.

The grouping is thus to be reckoned with and joins others such as Chloride/U.S. General Electric looking at the sodium sulphur battery, Gulf and Western with its zinc / chlorine development and General Motors which is putting its resources into the zinc/nickel couple.

Acceleration

A full-scale cell has been tested at 600 amperes and LLNL believes a small saloon car could be driven much as it would be with a petrol engine, accelerating to 30 mph in six to eight seconds.

Present estimates of cost indicate that it will be equivalent to that for a conventional car when gasoline prices are in the $2 to $3 per gallon region. At the moment in the U.S. they are about $1.60 per gallon.

The interesting point about these figures, of course, is that if the system were available in the UK where petrol now costs about $3.25 per gallon, it would have the price advantage.

But there is a long way to go yet. The single cell laboratory success has to be converted into a stacked cell, practical motoring proposition. Plans at LLNL call for the demonstration of a rapidly refuellable 50 to 60 killowatt unit with capacity of 70 to 100 kWh by 1985 and a mobile version by 1987.

Basically, the cell has an aluminium anode, an air cathode which consists of a porous composite of carbon and Teflon, and sodium hydroxide electrolyte.

The cathode is not consumed but provides an inert site for the reaction of oxygen and water and for the collection of electric current. The aluminium anode dissolves uniformly to form sodium aluminate out of which aluminium trihydroxide crystals are deposited and ultimately collected.

Clearly, a number of ancillary units are involved including devices for cleaning the input air, storing and pumping the electrolyte and converting the trihydroxide to a form suitable for removal from the car.

In the cell itself there are a number of unresolved technical problems including the durability of the cathode under driving conditions (Diamond Shamrock), development of a suitable alloy for the plates that can be produced from the output trihydroxide (Reynolds Aluminium) and a practical, rapidly refuellable cell stack (Lockheed Missiles and Space).

The development of a practical vehicular crystalliser component that is satisfactory in both driving and standby (parked) modes is being pursued by Aluminium Company of America (Alcoa).

All of these ultimately have to be produced at reasonable prices and good life/reliability levels. As Ervin Behrin, in charge of engineering on the project put it to the FT: "If costs were not a consideration we could make it all work."

As a total system aluminium/air is extremely attractive. To drive a 2,800 lb car 250 miles requires about 10 gallons of petrol and the end product is polluting exhaust fumes.

On the other hand the aluminium-fuelled electric car would use 31 lb of the metal with six gallons of tap water and the "exhaust" would be 90 lb of harmless aluminium trihydroxide.

To convert this back to the metal some 150 kWh of electricity would be needed for which the prime fuel would be nuclear, hydroelectric, solar and, while it lasts, coal and natural gas. This energy cost is reflected in the price of aluminium.

Some of the costings derived at LLNL are interesting. For a car using 225 lb of metal a year for 10,000 miles of travel, a capital investment requirement would arise in the aluminium producing industry of $1,350 per vehicle.

Electric generation industry investment (to make the additional metal) of up to $960 per vehicle would be called for while $1,200 per vehicle would be the figure in manufacturing industry to make the batteries. All very considerable figures—and for battery making a whole new industry could be born.

Service station re-fitting would need relatively little of the new investment at about $130 per vehicle.

Obstacles

Dr. John Cooper, in charge of battery development at LLNL took the view in a recent paper that "in spite of the obstacles it is entirely possible that aluminium/air technology will evolve into an alternative basis for the world's massive private transportation system."

If the U.S. Government decides to continue with backing, he may well be right.

Training centre

PROCESS CONTROL company Foxboro Yoxall of Redhill has opened a training centre for plant management and operatives at a building and equipment cost of nearly £0.5m.

The centre is one of nine in Europe and the Middle East at which some 600 "students" attend nearly 70 courses each year.

Most students are expected to be users or potential users of Foxboro equipment, but they can, says the company, come from other backgrounds.

They may be plant operators who are encountering process instrumentation for the first time, process managers who want to appreciate instrument versatility or service engineers who need to understand calibration technique.

Backgrounds of those studying at Redhill will range from people who have never seen a process control instrument before to graduates in control engineering. More on 0737 65000.

Freeze-up beats the problem of draining the blocked pipes

IN CASES where it is impractical or too costly to drain fluid from pipes in order to carry out repairs or modifications, sectional freezing can be a useful alternative and Cross Brothers of Ilford has recently introduced a service under the the name British Pipefreezing Services.

Engineers will come on site and build a box on each side of the pipe break or modification point. Liquid nitrogen is introduced into these sealed "baths" and the resulting temperature of −196 deg C means that not only water but also oil and most normally encountered fluids will become solid and unable to flow.

The technique is effective even if the fluid is flowing in the pipe when the boxes are applied.

Typically, a half-inch diameter pipe containing static water can be cooled to −20 deg C in 40 seconds. A 10-inch diameter pipe would take 110 minutes.

A nationwide service is offered using skilled technicians and fully equipped vehicles. An emergency service is also offered.

The Greater London Council has used the service to cut costs in high rise blocks of flats and reduce inconvenience to tenants. More on 01-518 0691.

..POINTERS..

Composting

A CONTINUOUS system of converting solid refuse into a useful soil end-product by composting is being proposed by Gilpar Trading of Plaistow, London (01 476 5522).

The process is called DAD—digestor accelerated decomposition—and the operating cost is estimated by the company to be less than £2 per tonne of waste without allowing for any revenue from either the product or from ferrous scrap that is extracted.

Rubbish—of any kind—is shredded to a two to three inch particle size, the ferrous content is removed magnetically and then a further shredder reduces the particle size to 50 mm or less.

Further belt conveyors then take the material to digestor towers 80 ft high and 25 ft in diameter which will be constructed from glass-coated steel panels to reduce corrosion almost to nil and cut out maintenance.

In these towers, of which there could be up to five depending on the capacity needed, controlled conditions of water content, temperature and airflow produce compost in 14 to 21 days. It is removed progressively from the bottom by rotary extractors.

Graded veg

AN in-line grading system for potatoes, onions and similarly-shaped vegetables is now being offered by Cranford Engineering Company of Knutsford, Cheshire (0565 2581).

Designed to minimise produce damage during handling, the system has an in-line arrangement of feeding, cleaning, grading and inspection stations with no "drops" along the flow path.

All sections of the line are powered by independent variable speed drives, allowing the various stations to be arranged to advantage to suit produce handling conditions.

Two versions of this system will be shown at the Royal Show, at the National Agricultural Centre, Stoneleigh, Warwickshire, both featuring grading screen widths of five feet.

The Cranford in-line vegetable grading system is capable of produce throughputs of up to 50 tonnes per hour. All versions of the system can be supplied as static or mobile equipment.

Training lathes

FOUR training lathes have been put on the market by Boxford Machine Tools (0422 58311).

The four new "T" Series lathes are the TH, TF, TS and STS. The STS10 is the top of the range. It has 264 mm swing over the bed and 280 mm under the spindle.

The hardened and ground bed is available with either 500 mm or 750 mm between centres. There are six headstock speeds, 45 to 100 rpm, and the spindle is bored to 35 mm.

A totally enclosed and fully lubricated feed gearbox gives lever feed selection for the whole range with 0:5, 1:5, 2:0 and 8:1 multiples. A bolt-on threading unit is standard, and a simple change of one wheel enables any standard metric or English thread pitch to be cut.

CURRENCIES, MONEY and GOLD

UK MONEY MARKET

Bank of England Minimum Lending Rate 12 per cent (from March 10 1981)

Short-term interest rates showed little movement in quiet trading in the London money market yesterday. Discount houses buying rates for three-month eligible bank bills were generally at 11 11/16 per cent, although one or two houses quoted 11 21/32-11¾ per cent. In the interbank market overnight money opened at 11⅞-11¾ per cent and eased to 11½-11¾ per cent on expectations of a moderate surplus of day-to-day funds.

Discount houses paid around 11 per cent for secured fall money at the start, and although closing balances were taken within a general range of 10¾-11¼ per cent, conditions were fairly tight at the close, with some houses paying up to 11⅝ per cent.

The authorities did not intervene in the market for the second day running. The only factors influencing trading were a small excess of Government disbursements over revenue payments to the Exchequer, and a small decrease in the note circulation.

In New York the Federal Reserve Bank drained reserves from the banking system by way of four-day reverse repurchase agreements, when the Federal funds overnight rate was standing at 17¾ per cent.

Chase Manhattan was the first major U.S. bank to cut its prime lending rate to 20 per cent from 20½ per cent yesterday. This followed the cut of 1 per cent to 19½ per cent in Chemical Bank's broker loan rate on Wednesday.

EXCHANGES AND BULLION

The dollar weakened in late foreign exchange trading in London yesterday. The only other major European centres open were Milan and Madrid, with all others closed for Ascension Day. This led to very quiet trading for most of the day, although the market became more active when New York opened, particularly because several U.S. banks were fairly determined sellers of dollars. The decline of the U.S. currency reflected the cut in Chase Manhattan Bank's prime lending rate by ½ per cent. 20 per cent, the easier trend in Eurodollar interest rates, and the much smaller rise in U.S. leading economic indicators during April than in March. The dollar's trade-weighted index, according to Bank of England figures, fell to 106.9 from 107.5.

The U.S. currency fell to DM 2.3250 from DM 2.3470 against the D-mark, to FFr 5.51 from FFr 5.55 against the French franc, to SwFr 2.0740 from SwFr 2.0875 in terms of the Swiss franc, and to Y224.25 from Y225 against the Japanese yen.

Sterling's index, on Bank of England calculations, fell to 98.6 from 98.7, after opening at 98.7, and falling to 98.5 at noon. The pound opened at $2.0640-2.0650, and touched a low point of $2.0585-2.0595 in the morning. Selling of dollars pushed sterling to a peak of $2.0700-2.0710 in the afternoon, and it closed at $2.0690-2.0700, a rise of 1 cent on the day. Sterling lost ground in line with the dollar against European currencies, although trading was distorted by the closure of so many centres.

THE POUND SPOT AND FORWARD

May 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.0585-2.0710	2.0690-2.0700	1.05-1.15c dis	−6.38	3.00-3.10dis	−5.89
Canada	2.4770-2.4900	2.4870-2.4880	1.25-1.35c dis	−6.27	3.90-4.05dis	−6.39
Nethlnd.	5.32½-5.37	5.34½-5.35½	⅛c pm-⅛ dis	0.28	1pm-par	0.37
Belgium	78.20-78.75	78.20-78.30	25-35c dis	−4.60	90-100 dis	−4.86
Denmark	15.08-15.20½	15.12-15.13½	4-5¼ore dis	−3.82	10½-12¾ dis	−3.01
Ireland	1.3110-1.3238	1.3110-1.3140	0.26-0.37c dis	−2.88	0.83-1.09dis	−2.92
W. Ger.	4.80-4.84	4.81-4.82	½-¼pf dis	−0.93	¼-⅛ dis	−0.31
Portugal	126.40-127.30	127.00-127.20	65-140c dis	−9.68	150-330 dis	−7.55
Spain	190.25-191.45	190.95-191.15	145-180c dis	−10.20	375-420 dis	−8.32
Italy	2,398-2,405	2,400-2,402	21½-23½lire dis	−11.24	63½-66½dis	−10.83
Norway	11.74½-11.83½	11.75-11.76½	1½-2¾ore dis	−1.91	2¾-4¼ dis	−1.17
France	11.36¾-11.44	11.39-11.40	11¾-12¾c dis	−12.90	23½-24½ dis	−8.42
Sweden	10.15-10.24	10.15½-10.17	2⅞-4⅛ore dis	−4.13	8-9 dis	−3.34
Japan	463-466	463¾-464¾	2.10-1.70y pm	4.91	5.75-5.20 pm	4.72
Austria	33.85-34.25	33.90-33.95	3gro pm-2 dis	0.18	4 pm-6 dis	−0.12
Switz.	4.28¾-4.31	4.28¾-4.29¾	1c pm-par	1.40	2¼-1¾ pm	1.63

Belgian rate is for convertible francs. Financial franc 79.55-79.65. Six-month forward dollar 4.55-4.65c dis, 12-month 6.90-7.10c dis.

THE DOLLAR SPOT AND FORWARD

May 28	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.0585-2.0710	2.0690-2.0700	1.05-1.15c dis	−6.38	3.00-3.10dis	−5.89
Ireland†	1.5600-1.5790	1.5730-1.5750	0.30-0.40c dis	−2.69	1.05-1.25dis	−2.94
Canada	1.2017-1.2039	1.2017-1.2020	0.01-0.05c dis	−0.30	0.05 pm-par	0.08
Nethlnd.	2.5775-2.5980	2.5775-2.5825	1.50-1.40c pm	6.74	4.10-3.90 pm	6.20
Belgium	37.77-38.07	37.81-37.83	7-5c pm	1.90	13-11 pm	1.27
Denmark	7.3000-7.3550	7.3375-7.3475	1½-¾ore pm	1.64	3.20-2.70 pm	1.61
W. Ger.	2.3175-2.3375	2.3245-2.3255	1.26-1.21pf pm	6.37	3.32-3.25 pm	5.65
Portugal	61.00-61.80	61.35-61.50	par-30c dis	−2.93	20pm-50dis	−1.30
Spain	92.25-92.50	92.40-92.50	20-35c dis	−3.57	45-65 dis	−2.38
Italy	1,158-1,161	1,158-1,160	4½-6 lire dis	−5.43	13¾-16¾ dis	−5.18
Norway	5.7100-5.7525	5.7250-5.7350	2.60-2.10ore pm	4.93	7.70-7.20 pm	5.21
France	5.4950-5.5500	5.5075-5.5125	1-2½c dis	−3.82	1-3 dis	−1.45
Sweden	4.9100-4.9525	4.9250-4.9350	1.30-1.00ore pm	2.80	3.80-3.60 pm	3.01
Japan	224.10-225.15	224.20-224.30	2.13-2.03y pm	11.13	5.85-5.70 pm	10.30
Austria	16.39-16.55	16.43-16.46	10½-9 gro pm	7.13	27½-23½ pm	6.22
Switz.	2.0680-2.0840	2.0735-2.0745	1.60-1.45c pm	8.82	4.35-4.20 pm	8.24

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

EXCHANGE CROSS RATES

May 28	Pound Sterling	U.S. Dollar	Deutschem'k	Japan'se Yen	French Franc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.070	4.815	464.3	11.395	4.293	5.350	2401.	2.488	78.25
U.S. Dollar	0.483	1.	2.327	224.3	5.505	2.074	2.585	1160.	1.202	37.81
Deutschemark	0.208	0.430	1.	96.42	2.367	0.891	1.111	498.7	0.517	16.25
Japanese Yen 1,000	2.154	4.458	10.37	1000.	24.54	9.246	11.52	5172.	5.358	168.5
French Franc 10	0.878	1.816	4.226	407.4	10.	3.767	4.695	2107.	2.183	68.67
Swiss Franc	0.233	0.482	1.122	108.2	2.655	1.	1.246	559.3	0.579	18.23
Dutch Guilder	0.187	0.387	0.900	86.78	2.130	0.802	1.	448.8	0.465	14.63
Italian Lira 1,000	0.416	0.862	2.005	193.4	4.746	1.788	2.228	1000.	1.036	32.59
Canadian Dollar	0.402	0.832	1.936	186.6	4.581	1.726	2.151	965.2	1.	31.46
Belgian Franc 100	1.278	2.645	6.153	593.3	14.56	5.486	6.837	3068.	3.179	100.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 28)

3 months U.S. dollars		6 months U.S. dollars	
bid 18 3/16	offer 18 11/16	bid 17 11/16	offer 17 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 28 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills Φ	Eligible Bank Bills Φ	Fine Trade Bills Φ
Overnight	—	11-12	11½-12	—	—	11⅛-12	10¾-11⅝	—	—	—
2 days notice	—	—	11⅝-11¾	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	11½-11⅞	11¾-11⅞	—	11¾	12⅛	11¼-11⅝	—	—	—
One month	12-11⅞	11⅞-12 1/16	11⅞	13-12¾	12¼	12¼-12⅜	11½	11 13/32	11 13/32-11¾	12½
Two months	12¼-12 7/16	12 3/16-12⅜	—	13¼-12⅞	12⅝	12⅜	11⅝	11 13/32	11 11/16-11 25/32	12 9/16
Three months	12½-12⅝	12 7/16-12⅝	12⅜-12½	13⅛-12⅞	12 13/16	12¾-12⅞	11¾	11 21/32-11⅝	11 11/16-11¾	12⅝
Six months	12⅝-12 11/16	12 9/16-12 11/16	12½-12¾	12⅝-12¼	13 1/16	13⅛	—	—	11¾-11 13/16	12¼
Nine months	12 9/16-12½	12¾-12 13/16	—	13⅜-13⅛	13⅛	13¼	—	—	—	—
One year	12¾-12 13/16	12⅞-13	13	13⅛-12⅞	13¼	13¼	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13¾ per cent; four years 14 per cent; five years 14 per cent. ΦBank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 11 21/32-11 23/32 per cent; four months trade bills 12 7/16 per cent.

Approximate selling rate for one-month Treasury bills 11 15/16 per cent; two months 11 13/32 per cent; three months 11¼-11 9/32 per cent. Approximate selling rate for one-month bank bills 11¾ per cent; two months 11⅝ per cent; three months 11 9/16-11⅝ per cent; one-month trade bills 12½ per cent; two months 12 9/16 per cent and three months 12⅝ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 13 per cent from May 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 9 per cent. Clearing Bank Rates for lending 12 per cent. Treasury Bills: Average tender rates of discount 11.3574 per cent.

MONEY RATES

NEW YORK

Prime Rate	20-20½
Fed. Fund	17⅝-17¾
Treasury Bills (13-week)	15.88
Treasury Bills (26-week)	14.64

GERMANY

Special Lombard	12
Overnight Rate	11.775
One month	13.10
Three months	13.35
Six months	13.375

FRANCE

Intervention Rate	22
Overnight Rate	20
One month	—
Three months	—
Six months	—

JAPAN

Discount Rate	6.25
Call (Unconditional)	7.0625
Bill Discount (three-month)	7.46875

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 28	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	11⅝-11¾	17½-17¾	18-19	11 13/16-12⅛	20-25	9⅞-10⅛	20-21⅛	16-18	15-17	5¾-6¼
7 days' notice	11⅝-11⅞	17¾-18	18-19	12 1/16-12¼	5-5½	10⅞-11⅛	20-21½	24-28	15-17	6½-6⅝
Month	11⅞-12⅛	18⅛-18⅜	18⅛-18⅞	12⅛-12 5/16	9⅛-9⅜	12¼-12⅜	22¼-23	23-25	16¼-17	7⅛-7 5/16
Three months	12⅜-12½	18¼-18½	18¾-19⅛	12 1/16-12⅜	10⅛-10¼	12⅜-12⅝	20¼-21	23¼-24¼	16¾-17¾	7¾-8
Six months	12¾-12⅞	17 11/16-17 13/16	17⅞-18⅛	12⅛-12 5/16	10¼-10⅝	12⅞-13	18¾-19¾	22-23	16-17	7 13/16-8 1/16
One Year	12 13/16-13⅛	16⅞-17⅛	17-17⅜	12½-12 11/16	9⅜-9½	12⅞-13	17-18	21½-22⅛	16-17	8⅛-8⅜

SDR linked deposits: one-month 15½-15⅞ per cent; three months 15⅛-15¾ per cent; six months 14⅞-15⅛ per cent; one-year 14⅜-14⅝ per cent.

ECU linked deposits: one-month 15⅜-15⅝ per cent; three months 15⅜-15⅝ per cent; six months 15-15⅜ per cent; one-year 14½-14⅞ per cent.

Asian $ (closing rates in Singapore): one-month 18 9/16-18 11/16 per cent; three months 18 9/16-18 11/16 per cent; six months 17 21/32-17 23/32 per cent; one-year 16 11/16-16 13/16 per cent. Long-term Eurodollar two years 16⅜-16⅝ per cent; three years 16¼-16½ per cent; four years 16⅜-16⅝ per cent; five years 16⅜-16⅝ per cent; nominal closing rate. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.75-17.85 per cent; three months 17.75-17.85 per cent; six months 17.70-17.80 per cent; one-year 15.90-16.00.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	40.7985	41.5727	+1.90	+1.45	±1.5361
Danish Krone	7.91917	8.03189	+1.42	+0.97	±1.6413
German D-Mark	2.54502	2.55144	+0.25	−0.20	±1.1386
French Franc	5.99526	6.02731	+0.53	+0.08	±1.3638
Dutch Guilder	2.81318	2.83300	+0.70	+0.26	±1.5159
Irish Punt	0.685145	0.697317	+1.78	+1.33	±1.6688
Italian Lira	1262.92	1264.05	+0.09	+0.09	±4.1116

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 28	£	$		£ Note Rates
Argentina Peso	6744-6764	3252-3272	Austria	33.80-34.20
Australia Dollar	1.8145-1.8185	0.8775-0.8780	Belgium	79.00-80.00
Brazil Cruzeiro	177.33-178.33	85.80-86.83	Denmark	15.08-15.23
Finland Markka	9.00-9.01	4.3590-4.3610	France	11.35-11.45
Greek Drachma	116.470-119.426	56.75-56.95	Germany	4.80-4.84
Hong Kong Dollar	11.32-11.34	5.4750-5.4780	Italy	2340-2395
Iran Rial	162.70*	78.90*	Japan	464-470
Kuwait Dinar (KD)	0.572-0.578	0.2788-0.2790	Netherlands	5.33-5.37
Luxembourg Frc.	78.20-78.30	37.81-37.83	Norway	11.74-11.86
Malaysia Dollar	4.86-4.87	2.3520-2.3540	Portugal	124-127
New Zealand Dlr	2.3686-2.3736	1.1460-1.1460	Spain	184½-196¼
Saudi Arab. Riyal	6.96-7.02	3.3905-3.3925	Sweden	10.20-10.30
Singapore Dollar	4.4550-4.4650	2.1555-2.1575	Switzerland	4.27-4.31
Sth African Rand	1.7540-1.7560	0.8475-0.8485	United States	2.05½-2.06½
U.A.E. Dirham	7.55-7.61	3.6720-3.6740	Yugoslavia	75-83

Rate given for Argentina is free rate. * Selling rate.

GOLD

	May 28		May 27	
Gold Bullion (fine ounce)				
Close	$477-480	(£230½-232)	$465½-468½	(£226-227½)
Opening	$471-474	(£228-229½)	$465-469	(£225½-227)
Morning fixing	$472	(£228.406)	$467.75	(£225.623)
Afternoon fixing	$479	(£231.401)	$466.75	(£226.743)
Gold Coins				
Krugerrand	$493½-494½	(£238½-239)	$481½-482½	(£233¾-234¼)
1/2 Krugerrand	$254½-255½	(£123-123½)	$247-248	(£120-120½)
1/4 Krugerrand	$129¾-130¾	(£62¾-63¼)	$126-127	(£61-61½)
1/10 Krugerrand	$53-54	(£25½-26)	$52-53	(£25¼-25¾)
Mapleleaf	$488½-489½	(£236-236½)	$475-477	(£230¾-231½)
New Sovereigns	$119½-120½	(£57¾-58¼)	$117-118	(£56¾-57¼)
King Sovereigns	$127-129	(£61½-62½)	$125-127	(£60½-61½)
Victoria Sovs	$127-129	(£61½-62½)	$125-127	(£60½-61½)
French 20s	$135-141	(£65¼-68)	$217-220	(£105-106¼)
50 pesos Mexico	$593-599	(£286½-289½)	$581-585	(£282-284)
100 Cor. Austria	$458-465	(£221½-224¾)	$451-456	(£219-221½)
$20 Eagles	$586-593	(£284-286½)	$576-581	(£279¾-282)

CURRENCY MOVEMENTS

May 28	Bank of England Index	Morgan Guaranty Changes%
Sterling	98.6	−27.0
U.S. dollar	106.9	+1.0
Canadian dollar	87.2	−17.6
Austrian schilling	112.4	+20.7
Belgian franc	106.4	+9.3
Danish kroner	86.6	−12.4
Deutsche mark	117.4	+38.6
Swiss franc	133.4	+77.0
Guilder	109.1	+14.1
French franc	83.9	−11.1
Lira	57.8	−55.7
Yen	141.3	+36.0

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

May 27	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	12	0.565578	0.526800
U.S. $	14	1.16724	1.08502
Canadian $	19.06	1.40326	1.30398
Austria Sch	6¾	19.3458	18.0440
Belgium F	13	44.6061	41.5727
Danish K	11	8.62590	8.03189
D mark	7½	2.73601	2.55144
Guilder	9	3.03949	2.83300
French Fr	9½	Unavail.	6.02731
Lira	19	1358.38	1264.05
Yen	6¼	261.812	244.348
Norwgn. Kr.	9	6.71046	6.24432
Spanish Pts.	8	108.142	100.528
Swedish Kr.	12	5.78718	5.40885
Swiss Fr.	5	2.43113	2.26953
Greek Dr'ch.	20½	—	61.9756

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, May 27, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

Country	Currency	Value of Dollar
Afghanistan	Afghani (O)	44.50
Albania	Lek	4.8958
Algeria	Dinar	4.1875
Andorra	Fr. Franc	5.5475
	Sp. Peseta	92.83
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Peso	3260.00
Australia	Dollar	0.8801
Austria	Schilling	16.5875
Azores	Port. Escudo	61.75
Bahamas	Dollar	1.00
Bahrain	Dinar	0.3769
Balearic Is.	Sp. Peseta	92.85
Bangladesh	Taka	14.7797
Barbados	Dollar	2.01
Belgium	Franc (C)	38.26
	Franc (F)	38.99
Belize	Dollar	2.00
Benin	C.F.A. Franc	277.375
Bermuda	Dollar	1.00
Bhutan	Ind. Rupee	8.48
Bolivia	Peso	24.75
Botswana	Pula	0.8301
Brazil	Cruzeiro	86.01
Brunei	Dollar	2.1599
Bulgaria	Lev	0.921
Burma	Kyat	6.6445
Burundi	Franc	90.00
Cameroun Rp	C.F.A. Franc	277.375
Canada	Dollar	1.2013
Canary Is.	Sp. Peseta	92.83
Cape Verde	Escudo	56.51
Cayman Is.	Dollar	0.835
Cen. Af. Rep.	C.F.A. Franc	277.375
Chad	C.F.A. Franc	277.375
Chile	Peso (O)	39.00
China	Renminbi Yuan	1.7316
Colombia	Peso (O)	53.27
Comoros	C.F.A. Franc	277.375
Congo P'ple.Rep.of	C.F.A. Franc	277.375
Costa Rica	Colon (O)	8.60
Costa Rica	Colon	21.04
Cuba	Peso	0.7313
Cyprus	Pound*	2.3764
Czechoslovakia	Koruna (O)	5.80
Denmark	Krone	7.379
Djibouti Rp. of	Franc	178.15
Dominica	E. Caribbean $	2.7025
Domin. Rep.	Peso	1.00
Ecuador	Sucre	30.35
Egypt	Pound*	1.4493
El Salvador	Colon	2.50
Eq'tl Guinea	Ekuele	185.66
Ethiopia	Birr (O)	2.0456
Faeroe Is.	Dan. Krone	7.379
Falkland Is.	Pound*	2.063
Fiji	Dollar	0.8518
Finland	Markka	4.359
France	Franc	5.5475
Fr. C'ty in Af.	C.F.A. Franc	277.375
Fr. Guiana	Franc	5.5475
Fr. Pac. Is.	C.F.P. Franc	96.9462
Gabon	C.F.A. Franc	277.375
Gambia	Dalasi	1.9389
Germany (E)	Ostmark (O)	2.3452
Germany (W)	Mark	2.3452
Ghana	Cedi	2.75
Gibraltar	Pound*	2.065
Greece	Drachma	57.05
Greenland	Dan. Krone	7.379
Grenada	E. Caribbean $	2.7025
Guadaloupe	Franc	5.5475
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	37.6989
Guinea Rep.	Syli	21.1502
Guyana	Dollar	2.5822
Haiti	Gourde	5.00
Honduras Rep.	Lempira	2.00
Hong Kong	Dollar	5.475
Hungary	Forint	34.05
Iceland	Krona	6.527
India	Rupee	8.48
Indonesia	Rupiah	629.00
Iran	Rial (O)	77.45
Iraq	Dinar	0.2999
Irish Rep	Punt*	1.556
Israel	Shekel	10.59
Italy	Lira	1163.50
Ivory Coast	C.F.A. Franc	277.375
Jamaica	Dollar	1.7834
Japan	Yen	224.97
Jordan	Dinar	0.334
Kampuchea	Riel	n.a.
Kenya	Shilling	8.6965
Kiribati	Aust. Dollar	0.8801
Korea (Nth)	Won	0.94
Korea (Sth)	Won	683.10
Kuwait	Dinar	0.2788
Lao P'ple D. Rep	Kip	10.00
Lebanon	Pound	4.16
Lesotho	Loti	0.8547
Liberia	Dollar	1.00
Libya	Dinar	0.2961
Liechtenst'n	Sw. Franc	2.0885
Luxembourg	Lux Franc	38.26
Macao	Pataca	5.6808
Madagascar D. R.	Franc	277.375
Madeira	Port. Escudo	61.75
Malawi	Kwacha	0.8962
Malaysia	Ringgit	2.352
Maldive Is.	Rupee	3.93
Mali Rp	Franc	654.75
Malta	Pound*	2.595
Martinique	Franc	5.5475
Mauritania	Ouguiya	55.475
Mauritius	Rupee	8.5679
Mexico	Peso	24.18
Miquelon	Fr. Franc	5.5475
Monaco	Fr. Franc	5.5475
Mongolia	Tugrik (O)	3.3655
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	5.5008
Mozambique	Metica	28.478
Namibia	S.A. Rand	0.8547
Nauru Is.	Aust. Dollar	0.8801
Nepal	Rupee	12.00
Netherlands	Guilder	2.6075
Neth. Ant'les	Guilder	1.80
New Zealand	Dollar	1.1468
Nicaragua	Cordoba	10.00
Niger Rp.	C.F.A. Franc	277.375
Nigeria	Naira (O)	0.6144
Norway	Krone	5.7465
Oman, Sultanate of	Rial	0.3456
Pakistan	Rupee	9.87
Panama	Balboa	1.00
Papua N.G.	Kina	0.6798
Paraguay	Guarani	126.00
Peru	Sol	410.58
Philippines	Peso	7.795
Pitcairn Is.	N.Z. Dollar	1.1468
Poland	Zloty (O)	31.00
Portugal	Escudo	61.75
Port Timor	Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Riyal	3.6597
Reunion Ile de la	Fr. Franc	5.5475
Romania	Leu (O)	4.47
Rwanda	Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.063
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	5.5475
St. Vincent	E. Caribbean $	2.7025
Samoa (Western)	Tala	1.012
Samoa (Am.)	U.S. $	1.00
San Marino	It. Lira	1163.50
Sao Tome & Principe DR	Dobra	38.7699
Saudi Arabia	Riyal	3.3905
Senegal	C.F.A. Franc	277.375
Seychelles	Rupee	7.1285
Sierra Leone	Leone	1.1712
Singapore	Dollar	2.1599
Solomon Is.	Dollar	0.8807
Somali Rep.	Shilling	6.295
South Africa	Rand	0.8547
Spain	Peseta	92.83
Span. Ports in N. Africa	Sp. Peseta	92.85
Sri Lanka	Rupee	18.541
Sudan Rep.	Pound* (2)	2.00
Sudan Rep.	Pound* (1)	1.25
Surinam	Guilder	1.785
Swaziland	Lilangeni	0.8547
Sweden	Krone	4.969
Switzerland	Franc	2.0885
Syria	Pound	3.9262
Taiwan	Dollar (O)	36.47
Tanzania	Shilling	8.2695
Thailand	Baht	20.72
Togo Rep.	C.F.A. Franc	277.375
Tonga Is.	Pa'anga	0.8801
Trinidad & Tobago	Dollar	2.4063
Tunisia	Dinar	0.5117
Turkey	Lira	103.72
Turks & Caicos	U.S. $	1.00
Tuvalu	Aust. Dollar	0.8801
Uganda	Shilling	8.2766
Utd. A'b. Emir.	Dirham	3.6729
Utd. Kingdom	Pound Sterling*	2.063
Upper Volta	C.F.A. Franc	277.375
Uruguay	Peso	10.64
U.S.S.R.	Rouble	0.7688
Vanuatu	Vatu (5)	89.6566
Vanuatu	Aust. Dollar	0.8801
Vatican	It. Lira	1163.50
Venezuela	Bolivar	4.2933
Vietnam	Dong (O)	2.18
Virgin Is. Br.	U.S. $	1.00
Virgin Is. U.S.	U.S. $	1.00
Yemen	Rial	4.57
Yemen PDR	Dinar	0.3415
Yugoslavia	Dinar	33.3518
Zaire Rp.	Zaire	3.74
Zambia	Kwacha	0.8776
Zimbabwe	Dollar	0.6803

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2) Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) Costa Rica—Two-tier rate effective 24/4/81.
(5) Vanuatu—100 vatu=6.1875 French francs since 1/1/81. Aust. dlr, being phased out over next two years.

Two copies of this document, having attached thereto the documents referred to below, have been delivered to the Registrar of Companies for registration.

This document includes particulars given in compliance with the Regulations of the Council of The Stock Exchange for the purpose of giving information with regard to Allied Residential Public Limited Company ("the Company"). The Directors have taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts the omission of which would make misleading any statement herein whether of fact or of opinion. All the Directors accept responsibility accordingly.

Application has been made to the Council of The Stock Exchange for the Ordinary Shares of 10p each in the Company to be admitted to the Official List.

ALLIED RESIDENTIAL

Public Limited Company

(Incorporated in England under the Companies Acts 1948 to 1980 under No. 1550213)

Placing by Tring Hall Securities Limited

(Licensed Dealers in Securities)

of 3,750,000 Ordinary Shares of 10p each at 35p per share payable in full on application

Directors
Michael Ryley Heathcote, *Chairman*,
Westgate House, North Cave,
East Yorkshire HU15 2NJ

Joseph Benjamin, F.R.I.C.S.,
Deputy Chairman,
8 Eaton Place, London SW1X 8AD

Stuart James Crossley,
The White House, Bledlow Ridge,
Buckinghamshire HP14 4AA

William Moran Law,
79 Beverley Road,
Hull, North Humberside HU3 1XR

Graham Hamilton Maw, F.C.A.,
111 Wolfreton Lane, Willerby, Hull,
North Humberside HU10 6PS

Auditors and Reporting Accountants
Ernst & Whinney,
Lowgate House, Lowgate, Hull,
North Humberside HU1 1JJ.
Chartered Accountants

Reporting Accountants
Simmons Cohen Fine & Partners,
27 John Street, London WC1N 2BL.
Chartered Accountants

Share Capital

Authorised		Issued or to be issued fully paid or credited as fully paid
£1,250,000	12,500,000 Ordinary Shares of 10p each	£1,000,000

Indebtedness

At the close of business on 14th May, 1981 the Group (as hereinafter defined) had outstanding secured bank and other loans of £29,750, secured overdrafts of £2,247,224, and unsecured loans of £743,320, hire purchase liabilities of £94,111 and contingent liabilities of £235,260 in respect of performance bonds. Pursuant to the contracts described at paragraphs 6 (m) and (n) under "Statutory and General Information", the Company has incurred a liability to pay sums not exceeding £1,200,000 and this liability is to be met out of the proceeds of the placing of Ordinary Shares in the Company referred to below.

Save as aforesaid and excluding liabilities and guarantees subsequently released or discharged pursuant to the contracts referred to above and intra-Group liabilities, the Group had at 14th May, 1981 no loan capital outstanding or created but unissued, no other borrowings or indebtedness in the nature of borrowing, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits, and no hire purchase commitments, loans, mortgages, charges, debentures, guarantees or any other material contingent liabilities.

Bankers
Barclays Bank Limited,
52 Regent Street, London W1A 3BJ

Midland Bank Limited,
32 Beverley Road,
Hull, North Humberside HU3 1YF

National Westminster Bank Limited,
1 St. James's Square,
London SW1Y 4JX.

Stockbrokers
Capel-Cure Myers,
Bath House, Holborn Viaduct,
London EC1A 2EU
and at The Stock Exchange

Solicitors to the Company
Simmons & Simmons,
14 Dominion Street, London EC2M 2RJ

Solicitors to the Placing
Travers Smith, Braithwaite & Co.,
6 Snow Hill, London EC1A 2AL

Secretary and Registered Office
Ivor Malcolm Kirstein, F.C.A.,
14 Dominion Street, London EC2M 2RJ

Registrars and Transfer Office
Yorkshire Registrars Limited,
14 Hallfield Road, Bradford,
West Yorkshire BD1 3RQ.

HISTORY

The Company was incorporated on 11th March, 1981 as a public company and its initial paid up share capital of £50,000 was held in equal proportions by Allied Plant Group Limited ("APG") and Thames Investment & Securities Limited ("Thames"). The Company was formed with a view to acquiring the housebuilding interests of APG and the residential development and building financing interests of Thames and, thereafter, acting as the holding company for the resulting group.

Towards the end of last year, Thames decided not to retain beyond the short term any material direct interest in residential property, and, while the APG housebuilding interests had made a significant contribution to the APG group, it had become clear to APG's directors that these would benefit from being managed and financed separately from the other businesses of the APG group, which made differing and competing demands for its available manpower and financial resources. Accordingly, APG and Thames entered into negotiations with a view to merging their respective residential property activities so as to form a new and independent group. Following these negotiations, the Company entered into agreements with APG and Thames to acquire the companies holding the relevant interests and these acquisition agreements, particulars of which are set out in paragraphs 6 (m) and (n) under "Statutory and General Information", were completed on 28th May, 1981.

The companies acquired from APG are F. K. West Limited ("West") and Allied Housing Group Limited ("Housing"). Housing and its subsidiaries and West are together referred to below as "the Housing Group". APG acquired West in 1973 and the other companies in the Housing Group in 1979. The companies acquired from Thames are Absila Limited ("Absila"), Ermine Securities Limited ("Ermine") and North Staffordshire Estates Limited ("NSE"), which are together referred to below as "the Thames Subsidiaries". Absila was formed by Thames in 1972 and Ermine and NSE were acquired by Thames in 1974 and 1980 respectively. In contemplation of the merger, certain residential property assets, which were formerly held by other subsidiaries of Thames, were transferred to Absila on 5th May, 1981. The Company, the Housing Group and the Thames Subsidiaries are together referred to below as "the Group".

This document is being published in connection with the issue of 4,500,000 Ordinary Shares of 10p each in the Company ("the issue"), of which Tring Hall Securities Limited ("Tring Hall") will place 3,750,000 ("the placing"). Tring Hall intends to subscribe for the remaining 750,000 Ordinary Shares. The issue will enable the Company to enjoy the benefits of being a listed public company, to raise the cash consideration, which will not exceed £1,200,000, due to APG and Thames under the acquisition agreements, and will provide further working capital for the Group.

After completion of the placing, APG and Thames will each hold 2,750,000 Ordinary Shares in the Company, amounting in aggregate to 55 per cent. of the Ordinary Shares then in issue. APG and Thames have each agreed to maintain for a minimum period of 2 years a shareholding of not less than 20 per cent. of the Ordinary Shares of the Company in issue following the placing. The directors are advised that Tring Hall will for a minimum period of one year maintain a shareholding of not less than 5 per cent. of the Ordinary Shares in issue following the placing.

APG is a public company whose share capital is listed on The Stock Exchange. Following the disposal of its housebuilding interests, the principal businesses of the APG group consist of plant hire, structural steel engineering, industrial land development, joinery manufacture and the provision of heating, ventilation and plumbing services to the construction industry. For its part, Thames, which is a public company whose ordinary and preference share capital is dealt in on the Unlisted Securities Market of The Stock Exchange, has retained its commercial and industrial property investment and development interests which will continue to be developed as its main activity.

BUSINESS

The Group's principal activities are housebuilding, the provision of finance for housebuilding and the renovation of residential property. In the five years to 31st December, 1980 the Group sold a total of 1,075 units at over 50 separate locations, of which 976 units were new houses constructed by Group companies. A further 78 houses were developed and sold by Ermine in joint venture projects during that period. At 14th May, 1981 the Group had 167 homes under development on 18 sites and had 31 completed properties (including renovated flats) ready for sale.

The Group's housebuilding activities have been mainly centred on Hull and the surrounding areas of Humberside and Yorkshire, but it presently has sites at Cheadle in Staffordshire and Tiverton in Devon ready for development and intends to extend its housebuilding operations to other counties as and when suitable opportunities arise. In addition to its housebuilding activities, West also carries on a general contracting business which in 1980 accounted for some 20 per cent. of the turnover of the Housing Group.

The Group's subsidiary providing joint venture finance to small housebuilding firms, Ermine, has been engaged in some 25 projects over the past five years in many parts of England and Wales. It is the Group's intention to expand Ermine's activities, which the Directors believe have considerable potential for further development in a group having a strong housebuilding division of its own.

Further, the Group is currently engaged in the renovation of existing properties which it owns in London, Ramsgate and Blackpool. These projects when completed will provide some 65 flats for sale.

The Group places particular emphasis in the housebuilding activities of the Housing Group on designing and building homes for the first-time buyer and its prices for this kind of accommodation currently start at £13,500. However, the Group also undertakes development of more expensive houses when appropriate sites become available.

It is the Directors' policy to maintain a flexible approach to its housebuilding programmes so that they can be adapted to meet changing market conditions. The Directors do not consider it desirable for the Group to own a large land bank and it is the policy of the Group to acquire only land which is already allocated to residential development by the planning authorities. Where practicable the Group takes options to acquire land at the market price prevailing at the time of exercise, which will occur only when planning permission for development is obtained and at present the Group has options to acquire 44.57 acres of land allocated to residential development. The Group owns 51 acres of land and is negotiating for the acquisition of a further 27 acres of land for which planning permission has been obtained which together will represent some two to three years' supply of land at current rates of development. The Group has contracted to acquire some 12 acres of land allocated to residential development at a price of £480,000 and this acquisition is due for completion in October, 1981.

Renovated flats are sold on long leases, at prices currently ranging between £10,000 in Ramsgate to over £100,000 in London. Current renovation projects will provide approximately three years' work at present rates of development.

Where Ermine provides joint venture finance it contributes to the management and supervision of each project. It receives a fixed return on the finance provided, participates in the profitability of each project and retains title to the land until sales are effected.

All homes constructed by the housebuilding subsidiaries are currently marketed and sold through estate agents and all carry the National House Building Council's ten year protection certificate. The Group enjoys good relations with several of the major national, as well as local, building societies.

As well as retaining independent architects and surveyors, the Group employs two architects, quantity surveyors, skilled tradesmen and building operatives but, as is customary, sub-contracts certain aspects of housebuilding development such as roofing, plastering, electrical, joinery and plumbing work. Sub-contracting arrangements have been entered into with certain subsidiaries of APG for the provision of plumbing, joinery and plant hire services and these will continue as long as terms are competitive.

Undeveloped land is not ordinarily sold by the Group, although two substantial transactions, the agreements for which are summarised at (b) and (d) in paragraph 6 under "Statutory and General Information", have taken place in recent years. The land the subject of one of these transactions is now the subject of a re-purchase arrangement which is summarised at (e) and (h) in paragraph 6 under "Statutory and General Information". It is the Group's policy to account for sales and profits upon contracts being exchanged, provided the building work has been completed.

The Group at present holds a small number of residential properties for investment purposes.

PROSPECTS

The record of the Company's subsidiaries has, over the past five financial years, shown marked resilience, despite fluctuations in interest rates and other economic factors which have created a difficult market. However, the Directors now see signs that market conditions are improving and they believe that the Group is sufficiently flexible to take advantage of such improvement as it develops.

The Group intends to utilise its financial strength to undertake housebuilding developments outside its existing areas of operation where suitable opportunities arise and particularly to realise the potential for expansion of Ermine's business, with a view to achieving growth over a wider geographical area. The Directors will also consider expansion of the Group's activities by means of acquisitions.

MANAGEMENT AND STAFF

Directors

Mr. M. R. Heathcote (aged 46), the non-executive Chairman of the Company, has been executive Chairman of APG for over 6 years. He has wide experience in corporate and financial planning and is also a director of Thames.

Mr. J. Benjamin (aged 46), the non-executive Deputy Chairman of the Company, is the Chairman and Chief Executive of Thames, which he formed in 1972. He is a Chartered Surveyor and has more than 25 years' experience in property development both with substantial property companies and in private practice.

Mr. S. J. Crossley (aged 36), is a Solicitor, was formerly an executive director and Company Secretary of Thames and, for the last six years, has been responsible for the residential development side of that group's business. He has entered into a full-time service agreement with the Company for 3 years and is responsible for managing all aspects, including finance and marketing, of the Group's business other than direct housebuilding activities. He remains a non-executive director of Thames.

Mr. W. M. Law (aged 44), who is a non-executive Director of the Company, will remain the Chairman of Housing. He is an executive director of APG and has been with that company since 1974. He has worked in the property field for some 16 years and has particular experience in the acquisition of land.

Mr. G. H. Maw (aged 41), is a Chartered Accountant who has been with Edmond (Builders) Limited, a subsidiary of Housing, for 18 years. He is Managing Director of the Housing Group and has overall responsibility for all aspects, including finance and marketing, of the Group's direct housebuilding activities. He has entered into a full-time service agreement with the Company for 3 years.

Senior Management and Staff

Mr. F. K. West (aged 70), previously the Chairman and Managing Director of West, has some 53 years' experience in the housebuilding industry and will continue to act as a consultant to the Housing Group. He is an executive director of APG.

Mr. D. I. Dennett (aged 34), has been employed by Edmond (Builders) Limited for 10 years and is responsible for all construction activities of the Group. He has entered into a service agreement with the Company for 3 years.

Mr. J. Armitage (aged 36), is an architect who has worked with Housing since leaving private practice two years ago. He is responsible for design and town planning matters within the Housing Group and has entered into a service agreement with the Company for 3 years.

Mr. W. Siddle (aged 42), has been with West for 7 years and is a director of that company. He has entered into a service agreement with the Company as an executive director of West for 3 years.

The Group has some 130 employees.

Details of Directors' service agreements and the Group pension arrangements are set out in paragraph 7 under "Statutory and General Information".

Share Option Scheme

On 6th May, 1981 the Company adopted a Share Option Scheme ("the Share Option Scheme") providing for the grant to Directors and executives of the Company and its subsidiaries of options to subscribe for Ordinary Shares in the Company. Options over 100,000 Ordinary Shares have been granted to each of the Directors of the Company and options over 25,000 Ordinary Shares have been granted to each of Mr. Dennett, Mr. Armitage and Mr. Siddle, all such options being exercisable, at the price at which Ordinary Shares are being placed, over a period of five years commencing on 28th May, 1983. Further particulars of the Share Option Scheme are set out in paragraph 8 under "Statutory and General Information".

At present it is not proposed to grant any further options under the Share Option Scheme but, subject to obtaining Inland Revenue approval, it is intended at a convenient opportunity to submit to shareholders for approval a savings-related share option scheme under the provisions of the Finance Act 1980 and a profit sharing scheme under the provisions of the Finance Act 1978. Participation in these schemes will be available to all eligible employees of the Group including the Directors and executives who have been granted options under the Share Option Scheme.

VALUATION OF PROPERTIES

The properties belonging to the Housing Group and the Thames Subsidiaries were valued for the purposes of the acquisition of those companies and also of the placing. Copies of those valuations are set out below and they show that the gross value of the Group's properties (valued on the bases specified in the valuations) as at 31st March, 1981 was £5,609,245. The properties owned by the Housing Group were valued at £3,353,245 and those owned by the Thames Subsidiaries at £2,256,000, taking account of the contractual obligations of Chesscrest Limited (a wholly-owned subsidiary of Thames) to carry out certain works at Buckingham Court (see contract k (iii) in paragraph 6 under "Statutory and General Information").

PREMISES AND PLANT

The Group occupies premises at Ferndale Avenue, Willerby, Hull held on lease from a subsidiary of APG on a full repairing and insuring basis for a period of 25 years from 1st January, 1981 at an initial annual rental of £5,000 subject to five yearly reviews. These premises comprise 8,695 sq. ft. of offices and a builders' yard of 0.228 acres. APG and Thames are providing office facilities to the Group in Hull and London respectively. No detailed terms have yet been agreed but these will be at open market rates applicable from time to time.

Although the Group owns some of the plant and machinery required for its construction activities it hires most of it as and when necessary and this practice, which includes hiring plant from subsidiaries of APG provided that terms are competitive, will continue.

ACCOUNTANTS' REPORTS

The results of the Housing Group and of the Thames Subsidiaries for the five years ended 31st December, 1980 are summarised in the respective Accountants' Reports below. The results of the Thames Subsidiaries for those periods do not take into account those assets acquired by Absila from subsidiaries of Thames since that date under the contracts referred to in paragraph 6 (k) under "Statutory and General Information". These properties were acquired at current market values and the Directors are advised that it is not appropriate or practicable to make adjustments to the profit record of the Thames Subsidiaries to reflect these acquisitions.

ADJUSTED NET TANGIBLE ASSETS

There is set out below under the heading "Pro forma Statement of Net Tangible Assets of the Group" a statement of the net tangible assets of the Group compiled on the basis that the Group had been in existence as such on 1st January, 1981 and adjusted for the various matters mentioned which have occurred since that date. This statement discloses net tangible assets attributable to the Ordinary Shareholders of the Company of £2,847,000, equivalent to 28.5p per share after the placing.

APPLICATION OF THE PROCEEDS OF THE ISSUE

The proceeds of the issue, amounting to £1,575,000 will be applied:—

(i) in paying the cash consideration due under the agreements providing for the acquisition of the Housing Group and the Thames Subsidiaries which in the case of APG is estimated to amount to £1,050,000 and in the case of Thames amounts to £150,000;

(ii) in meeting the expenses of the issue and the placing estimated to amount to £160,000; and

(iii) in providing additional working capital for the Group.

The expenses of the merger are being paid by APG and Thames.

WORKING CAPITAL

The Directors are of the opinion that, taking into account existing loans and bank facilities and the availability of part of the net proceeds of the issue, the Group has sufficient working capital for its present requirements.

PROFIT FORECAST AND DIVIDENDS

On the basis of the assumptions set out below and in the absence of unforeseen circumstances, the Directors forecast that the Group profit before taxation and extraordinary items for the year ending 31st March, 1982 will be not less than £1,000,000.

The Directors intend to recommend the payment of dividends for that year totalling 2.45p per Ordinary Share net of related tax credit (3.5p with related tax credit of 30 per cent.). It is intended that 1p (net of related tax credit) will be paid as an interim dividend in or about January, 1982 and 1.45p (net of related tax credit) will be paid by way of final dividend in or about July, 1982.

Profits earned prior to completion of the merger on 28th May, 1981 are pre-acquisition profits and will not be available for distribution. On the basis that the forecast profit accrues proportionately over the year, the post-acquisition profits before taxation would amount to not less than £840,000.

APPROPRIATION OF PROFIT AND PLACING STATISTICS

In the past the effective tax charge on the companies comprising the Group has been substantially less than 52 per cent. of profits.

It is impracticable at this stage to determine the actual rate of tax which will apply for the year ending 31st March, 1982 but the Directors are confident that the effective rate will be less than 52 per cent. The table below shows how a profit before tax and extraordinary items of £1,000,000 would be appropriated on the basis of corporation tax at the rate of 52 per cent.

	£000
Profit before taxation	1,000
Less: Taxation (see above)	520
Profit after taxation	480
Less: Forecast dividends	245
Retained profit	235
Earnings per Ordinary Share (10,000,000 Ordinary Shares)	4.8p
Price/Earnings Ratio at 35p per share (the placing price)	7.3
Dividend cover	1.96 *times*
Gross dividend yield on the Ordinary Shares at the placing price	10.0 *per cent.*

The Directors have been advised that, assuming that there is no material increase in the current annual rate of inflation, the forecast dividends for the year ending 31st March, 1982 would continue to be covered by current cost profits after the adoption of current cost accounting policies.

ASSUMPTIONS AND LETTERS REGARDING THE PROFIT FORECAST

Assumptions

The forecast of Group profit before taxation and extraordinary items for the year ending 31st March, 1982 set out above is based on the following principal assumptions:—

(i) there will be no material adverse change in the residential property market;

(ii) there will be no material reduction in the availability of finance for the purchase of residential properties;

(iii) there will be no material increase in interest rates;

(iv) there will be no significant changes in relevant United Kingdom legislation or Government regulations and there will be no governmental action which adversely affects the business of the Group; and

(v) there will be no material disruption of the Group's business due to industrial disputes, business failures or unusually adverse weather conditions.

Letter from the Reporting Accountants

The following is a copy of a letter from Ernst & Whinney and Simmons Cohen Fine & Partners concerning the profit forecast:—

Lowgate House,
Lowgate,
Hull, North Humberside HU1 1JJ

27 John Street,
London WC1N 2BL

The Directors,
Allied Residential Public Limited Company
and
The Directors,
Tring Hall Securities Limited

28th May, 1981

Gentlemen,

We have reviewed the accounting policies and calculations for the profit forecast of Allied Residential Public Limited Company ("the Company") and its subsidiaries for the year ending 31st March, 1982, for which the Directors of the Company are solely responsible. This forecast is set out in the document dated 28th May, 1981 to be issued in connection with the placing of 750,000 Ordinary Shares of 10p each in the Company.

In our opinion the profit forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in such document and is presented on a basis which complies with the accounting policies adopted by the Company and its subsidiaries.

Yours faithfully,

ERNST & WHINNEY
Chartered Accountants

SIMMONS COHEN FINE & PARTNERS
Chartered Accountants

Letter from Tring Hall

The following is a copy of a letter from Tring Hall concerning the profit forecast:—

40 Bucklersbury,
London EC4N 8BD

28th May, 1981

The Directors,
Allied Residential Public Limited Company

Gentlemen,

We refer to the profit forecast for the year ending 31st March, 1982 made by you and set out in the document dated 28th May, 1981 to be issued in connection with the placing of 3,750,000 Ordinary Shares of 10p each in the Company.

We have discussed the accounting policies and calculations upon which the profit forecast has been made with yourselves, Ernst & Whinney and Simmons Cohen Fine & Partners and have considered their joint letter to you of 28th May, 1981 referring thereto.

On the basis of the assumptions made by you, which are set out in such document, and the accounting bases and calculations used, we are of the opinion that the forecast, for which you are solely responsible, has been prepared after due and careful enquiry.

Yours faithfully,
for and on behalf of
TRING HALL SECURITIES LIMITED
D. J. POLL
Managing Director

PRO FORMA STATEMENT OF NET TANGIBLE ASSETS OF THE GROUP

The following is a statement of the consolidated net tangible assets of the Group compiled on the basis that the Group was in existence on 1st January, 1981. This statement has been prepared by combining the balance sheets of the Housing Group and of the Thames Subsidiaries as at 31st December, 1980 as set out below in the respective Accountants' Reports. The resulting combined statement has been adjusted so as to take account (*inter alia*) of:—

(a) the revaluation as at 31st March, 1981 of the properties owned by the Group. The surplus arising on properties held as current assets has been reduced by a provision for deferred taxation calculated at the rate of 52 per cent.;

(b) the acquisition by Absila of certain properties (including fixtures and fittings) from other subsidiaries of Thames;

(c) completion of the agreements for the acquisition by the Company of the Housing Group and the Thames Subsidiaries; and

(d) the receipt of the proceeds of the issue of 4,500,000 Ordinary Shares for cash under the arrangements with Tring Hall, after deduction of related expenses.

	Note	£000
Fixed assets	(i)	572
Less: Hire purchase liabilities payable after 31st December, 1981		55
		517
Investments		—
Current assets		
Stocks, land on hand and work in progress	(ii)	4,776
Debtors		531
Cash at bank and in hand		8
		5,314
Current liabilities		
Creditors		699
Hire purchase liabilities		44
Taxation		118
Loans from Thames		743
Bank overdrafts (secured)		1,380
		2,984
Net current assets		2,330
Net tangible assets		2,847

Notes:—

(i) Fixed assets comprise:—

	Cost or valuation £000	Depreciation £000	Net book amount £000
Freehold land and buildings—at valuation	312	—	312
Plant, equipment and fittings—at valuation	75	—	75
—at cost	97	25	72
Motor vehicles—at cost	144	31	113
	628	56	572

No provision has been made for tax in respect of profits arising on realisation of fixed assets at valuation. Under current legislation that tax liability would be approximately £89,000.

(ii) Stocks, land on hand and work in progress (net of £183,000 deferred taxation on revaluation surpluses) comprise:—

	£000
Stocks	87
Land on hand	859
Property held for development or resale	1,477
Work in progress	2,417
	4,840
Less: Amounts received on account	64
	4,776

ALLIED RESIDENTIAL 2

VALUATIONS

The following are copies of valuations which have been made of the Group's properties:—

A. THE HOUSING GROUP

The Directors,
Allied Residential Public Limited Company,
The Directors,
Tring Hall Securities Limited
and
The Directors,
Allied Plant Group Limited

19th May, 1981

Gentlemen,

Property Portfolio Valuation

In accordance with your instructions we have now completed an inspection of the freehold properties set out in the attached schedules in order to advise you as to their current open market value.

The Housing Group

Throughout our report, Allied Housing Group Limited and its subsidiaries and F. K. West Limited are together referred to as "the Housing Group".

Date of Valuation

Our valuations have been prepared as at 31st March, 1981.

Open Market Value

In the preparation of our valuations, properties completed and available for sale and properties available for sale on completion of development have been valued with the benefit of vacant possession and on the basis of information supplied to us by the Housing Group. The properties held as investments have been valued subject to and with the benefit of the existing leases, details of which have been supplied to us by the Housing Group.

We confirm that, in all cases, we have valued the properties on an open market value basis taking into account the practice notes issued by the Royal Institution of Chartered Surveyors in August 1976 and April 1981.

Local Authority Information

In all cases, we have been supplied with copies of the town planning consents, applications for town planning consents and correspondence relating to any amendments thereto. Other information which we have obtained from Local Authorities regarding town planning and highways has been obtained orally. We believe that the information with which we have been furnished is correct, but we cannot accept any liability for incorrect information provided to us.

Repair

We have not carried out structural surveys of any of the properties nor have we been able to inspect those parts that are covered, unexposed or inaccessible. We are unable to report, therefore, that any of the properties are free from defect.

High Alumina Cement

In recent years there has been a great deal of publicity given to the use of High Alumina Cement in building construction. Portland Cement is normally used in the manufacture of pre-cast products and, therefore, only a small minority of buildings in the UK are affected. It has not been possible to identify the presence or absence of High Alumina Cement during our investigations and when preparing the valuations we have assumed it has not been used.

Tenure

We understand that the relevant companies in the Housing Group own the freehold interest in all the properties set out in the attached schedules with the exception of the properties specified in the Third Schedule entitled "Options held by the Housing Group to purchase freehold land". We have not inspected the title deeds and for the purpose of our valuation have assumed that there are no encumbrances, mortgages or onerous or unusual covenants except those which have been drawn to our attention by the Solicitors to Allied Residential P.L.C.

Valuation

We have valued all the properties named in the attached schedules in accordance with the assumptions set out above and have pleasure in reporting to you that, in our opinion, as at 31st March, 1981 the current open market value of the interests held by the Housing Group in these properties with the benefit of vacant possession in the case of the properties specified in the First, Second, Third and Fifth Schedules (except where otherwise stated) and subject to the leases and tenancies in respect of the properties specified in the Fourth Schedule to be at or about £3,353,245 (three million three hundred and fifty three thousand two hundred and forty five pounds).

Finally, we must state that the content of this report is for the sole use of the party to whom it is addressed and no responsibility is accepted to any third party for the whole or any part of its contents. Further, neither the whole nor any part of this valuation report nor any reference thereto may be included in any published document, circular or statement nor published without our written approval of the form and context in which it may appear.

Yours faithfully,
DONALDSON & SONS
Chartered Surveyors

First Schedule

Freehold properties being developed or ready for sale

Property	*Description*	*Tenancies arranged*	*Present capital value in existing state* £	*Estimated completion and occupation dates*	*Estimated cost of completing development* £	*Capital value when completed for sale* £
Selmont Street, Hull, Humberside	Planning permission granted for 16 houses on 12.11.80 and for a further 43 houses on 14.1.81 and for a further 2 houses by amendment dated 11.3.81. (No sales yet completed.) Final phase of 33 houses—planning permission applied for.	—	320,600	March 1982	894,650	1,525,350
Off Wolfreton Road, Anlaby, Hull, Humberside	Estate of 7 detached bungalows. Planning permission granted 31.5.78. 3 bungalows remain for sale.	—	86,500	April 1981	500	87,000
Fennelly Arlington House, Endyke Lane, Cottingham, Hull, Humberside	Planning permission granted for 2 houses on 17.2.81.	—	24,000	September 1981	56,000	100,000
57-61 Inglemire Avenue, 61 Inglemire Lane, Hull, Humberside	Planning permission granted for 11 flats on 6.6.80.	—	75,000	December 1981	62,000	189,500
26 Belvedere Parade, Bridlington, East Yorks.	Planning permission for 4 semi-detached houses granted on 2.5.79. All 4 for sale.	—	84,100	September 1981	51,300	172,000
Wansford Road, Driffield, East Yorks.	Planning permission for 18 detached houses with garages granted on 18.9.78. 3 remain for sale.	—	141,600	April 1981	1,200	143,000
Londesborough Road, Market Weighton, Humberside	Planning permission for 18 dwellings granted 18.12.78. Construction recently commenced.	—	68,070	Phased between July 1981 and March 1982	218,000	379,750
Wolds Holme Avenue, Driffield, Humberside	Development of (remaining) land with 50 units in course of construction. Planning permission granted on 7.5.76 and 2.4.80. (Includes 4 completed houses.)	—	511,750	September 1981	114,500	810,250
Larchmont, Elloughton, Humberside	Planning permission for 17 detached dwellings granted on 2.6.78. Last 7 houses under construction. (Includes 3 completed houses.)	—	327,000	December 1981	81,650	542,000
Constable Road, Howes Road, Hunmanby, North Yorks.	Planning permission granted for 26 dwellings on 10.11.80. Outline planning permission for remainder of site granted on 10.6.77 for estimated 60 further houses. (Includes 2 completed houses.)	—	195,750	March 1984	1,156,700	1,821,400
Main Road, Newport, Hull, Humberside	Planning permission granted for 106 houses on 3.2.79. First phase of 37 houses under construction. (Includes 4 completed houses, 3 of which have been sold.)	—	501,150	September 1985	1,970,000	2,757,000
Butt Lane, Tickton, Beverley, Humberside	Planning permission for 72 houses granted 19.8.80. (None yet completed or sold.)	—	360,000	March 1983	1,072,000	1,860,600
			2,706,720		5,690,500	10,287,850

Note:—Allowances made for interest charges, in appropriate cases, under heading "Estimated cost of completing development".

Second Schedule

Freehold properties held for future development

Property	*Description*	*Terms of existing leases or underleases*	*Present capital value in existing state* £
Wood Lane, Beverley, Humberside	Planning permission for 23 units granted on 25.9.80. Alternative scheme for 19 plots on which appeal decision awaited. (Anticipated start date 3.6.81.)	—	170,000
Kitchen Lane, Beverley, Humberside	2.128 acres allocated residential. No planning permission at present.	Grazing tenancy terminable at 1 month's notice £25 p.a.	66,000 (See note 1)
Butt Lane, Beverley, Humberside	1.86 acres allocated residential. No planning permission at present.	Gratuitous licence	55,000
Princess Way, Beverley, Humberside	1.74 acres allocated residential. Planning permission for 2 detached houses granted on 17.2.81. Planning permission applied for 20 units. (Anticipated start date June 1981.)	—	60,300
Westwood Road, Valley Drive, Scarborough	726 sq. yds. with potential for amalgamation with adjoining site of 2.4 acres not owned by the Housing Group.	—	5,000
Golden Strip, Wesley Close, South Cave, Hull, Humberside	The Housing Group owns a strip of land at the end of Wesley Close which provides an access to an adjoining site (not owned by the Housing Group) of 12.57 acres on which planning permission has been allowed on appeal for 66 houses on part of the site.	—	5,000 (See note 2)
Golden Strip, Ferguson Road, Walkington, Beverley, Humberside	The Housing Group owns a strip of land at the end of Ferguson Road which provides an access to an adjoining site (not owned by the Housing Group) of 2.48 acres which may become available for residential development at some time in the future.	—	Nil
			360,800

Notes:—

1. We have taken account in our valuation of the existence of an agreement made between Beverley Borough Council and Needler Developments Limited which could result in the property being compulsorily acquired.
2. This figure reflects the value of the land to the owner of the adjoining site.

Third Schedule

Options held by the Housing Group to purchase freehold land

Property	*Description*	*Terms of existing leases or underleases*	*Present capital value in existing state* £
Butt Lane, Beverley, Humberside	1.74 acres allocated residential—option to purchase freehold interest for £48,000.	Cottage let at 50p per week	1,000
Castle Hill Road, Sutton, Hull, Humberside	The APG group has conditionally assigned to the Housing Group the benefit of an option on 42.83 acres of land which may be capable of exercise in the near future. The planning authority have indicated that planning permission will be forthcoming subject to the completion of an agreement under section 52 of the Town & Country Planning Act 1971 to include this land and other lands adjoining. Completion of this agreement is anticipated in the near future.	—	Nil
			1,000

Fourth Schedule

Freehold properties held as investments

Property	*Description*	*Terms of existing leases or underleases*	*Estimated current net annual rental before tax*	*Present capital value in existing state* £
Easton Court, 379 Beverley Road, Hull, Humberside	Block of 8 flats with 4 garages. Brick built on ground and first floors beneath flat asphalt roof. Small garage court to rear with shared access with adjoining property. Built about 1962/3.	7 flats sold on long leases expiring in 2072 at a total ground rent of £105 p.a. 1 single bedroom ground floor flat in possession being advertised with vacant possession.	£105 p.a. ground rent (plus vacant possession value of flat at £11,750).	12,500
3 Sherbrooke Avenue, Hull, Humberside	A mid-terrace property with front and rear gardens in residential area. Brick built beneath pitched clay tile roof. Built mid 1930's.	Subject to unwritten, unfurnished tenancy. Landlord insures, repairs exterior and major internal repairs.	£494 p.a.	5,000
149-195 Ark Royal, Bilton, Hull, Humberside	24 flats in 3 blocks with nearby garage court. Brick built beneath pitched concrete tile roof with gardens to all sides. Built on 2 storeys. Built early 1970's.	Subject to lease for 99 years from 1.5.75 at £360 p.a. without review.	Not applicable	2,625
1-36 Creyke Close, Cottingham, Hull, Humberside	36 flats in 4 blocks on ground and first floors. Brick built beneath pitched concrete tile roof in residential area. Gardens to all sides. Garage court with 11 garages. Built 1966.	26 flats sold freehold. 1 flat empty and to be sold with vacant possession. 3 flats subject to tenancies. Tenants responsible for all repairs and insurance through a service charge.	£5,346 p.a. (plus vacant possession value of flat at £14,750).	69,000
Turnberry Court, 439 Holderness Road, Hull, Humberside	Block of 8 flats and 7 garages. Brick built beneath pitched clay tile roof. Garage court to rear with joint access. Built mid 1960's.	6 flats sold subject to leases expiring in 2072 at a total ground rent of £90 p.a. without review. 2 flats subject to tenancies. Tenants responsible for internal decorations. Landlord insures and carries out all repairs.	£1,372 p.a.	12,000
Weston Court, Westlands Road, Hull, Humberside	2 blocks of 12 flats and garages. Brick built beneath pitched clay tile roof on ground and first floor. Gardens to all sides. Built early 1960's.	8 flats sold subject to leases expiring in 2072 at a total ground rent of £120 p.a. without review. 4 flats subject to tenancies. Tenants responsible for internal decorations. Landlord insures and carries out all repairs.	£2,946 p.a.	24,000
				125,125

Notes:—

1. No account taken of leases to management companies.
2. The two flats with vacant possession are currently on the market with local agents.

Fifth Schedule

Freehold properties ready for sale

Property	*Description*	*Tenancies*	*Present capital value in existing state* £
Sloe Lane, Beverley, Humberside	3 houses 1 refurbished dwelling (3 bed) 2 new town houses (3 bed) (contracted to be sold) Planning permission granted 12.6.80.	—	73,000
Chalk Pit, Victoria Road, Beverley, Humberside	Tipped land 2.36 acres.	—	4,000 (See note)
Springhead Estate, Anlaby, Hull, Humberside	3 houses. Last 3 houses for sale on completed estate. Planning permission granted 9.4.80 and 12.3.80.	—	80,500
			157,500

Note:—We have taken account in our valuation of the existence of a compulsory purchase order on this property dated 23rd April, 1981.

B. THE THAMES SUBSIDIARIES

(a) By Leavers

The Directors,
Allied Residential Public Limited Company

The Directors,
Tring Hall Securities Limited
and
The Directors,
Thames Investment & Securities Limited

19th May, 1981

Dear Sirs,

In accordance with your instructions to prepare valuations of certain properties, we are now able to advise you as to our opinion of the open market value, as at 31st March, 1981, of the freehold property, details of which appear in Schedule A below, and our opinion of the open market value of the leasehold property, details of which appear in Schedule B below. We would advise you that we have carried out an inspection of the leasehold property. As regards the freehold property we have formally reviewed our Valuation dated 21st October, 1980 (without re-inspecting this property) under market conditions prevailing as at 31st March, 1981.

We have not inspected any title deeds and our valuations of the freehold and leasehold properties are made on the assumption that they are held with good title, free from any onerous or unusual covenants, restrictions, charges or other matters which might adversely affect the same save for any such matters as have been drawn to our attention by the Solicitors to Allied Residential P.L.C. Subject as aforesaid in all cases we have valued the properties on an open market value basis, taking into account the practice notes issued by the Royal Institution of Chartered Surveyors in August 1976 and April 1981.

In all cases we have been supplied with copies of the Town Planning Consents and correspondence relating to any amendments thereto. Information which we have obtained from local authorities regarding town planning and highways has been obtained orally. We believe that the information with which we have been furnished is correct but we cannot accept any liability for incorrect information provided to us.

We have not carried out structural surveys of the properties but the general state of repair prevailing at the time of our inspection has been taken into account in arriving at our valuation. Furthermore, as far as we are aware neither high alumina cement nor wood slabs have been utilised in the construction of any of the buildings and we would point out that, should it be discovered that either of these materials has been used, this could seriously affect the saleability of any property until satisfactory investigations and tests have been carried out.

We have valued the properties on the bases indicated above and have pleasure in reporting to you that, in our opinion, as at 31st March, 1981 the open market value of the properties the subject of our valuations on the bases and assumptions below was in the sum of £770,000.

In accordance with our usual custom we must mention that neither the whole nor any part of this valuation, or any reference thereto may be included in any published document circular or statement or published in any way without our previous written consent to the form and context in which it may appear.

A. Freehold property held as investment

Property	*Description*	*Terms of existing tenancies leases or underleases*	*Estimated net annual current rental before tax*	*Capital value in existing state*
Regent Court, North Promenade, Blackpool	Multi-storey block comprising 43 self-contained flats, approximately 20 years old.	23 flats sold on long leases at ground rents of between £20 and £30 per annum. 17 flats occupied by registered unfurnished tenants and three flats vacant (see note). Service charges fully recoverable from tenants.	£13,805	£170,000

Note:—Vacant flats have been included in the valuation at expected selling levels on the basis of long leases.

B. Leasehold property in course of development

Property	*Description*	*Present capital value in existing state*	*Estimated completion date of works*	*Capital value when matters referred to in Notes (a) and (b) have been complied with*
3rd-6th floor, Buckingham Court, 75-83 Buckingham Gate, London SW1	The top 4 floors of a building which comprises basement, ground and 6 upper floors. The current use of the top 4 floors is mixed residential and commercial office purposes. The premises are held on a lease for a term of 80 years from 1st April, 1981 at an initial rent of £800 p.a. subject to fixed increases in rent every 20 years. The lease is on an internal repairing basis with a fair proportion of costs of external and structural repairs and of costs of providing full services being recovered under the service charge provisions.	£600,000 (See note (a))	31.5.82	£750,000

Notes:—

(a) On the basis that there is (as we are instructed) a binding obligation on Chesscrest Limited to carry out and complete at its own cost and expense certain works to the existing flats, including provision of modernised kitchens and bathrooms in each flat, and that each flat is rewired with wiring and pipework chased into walls, with full central heating provided to each flat and that such works to be carried out in accordance with plans and specifications which we have examined.

(b) On the basis that there are (as we are instructed) binding obligations on Chesscrest Limited to procure vacant possession of those parts of the premises currently occupied and in relation to such parts of those premises to carry out and complete at its own cost and expense conversion works of the type specified in (a) above and to carry out and complete at its own expense the works of extension to the premises envisaged by and in accordance with a planning consent granted for such works by the Westminster City Council on 14th April, 1981.

Yours faithfully,
LEAVERS
Surveyors and Valuers

(b) By Edward Tish & Partners

The Directors,
Allied Residential Public Limited Company,

The Directors,
Tring Hall Securities Limited
and
The Directors,
Thames Investments & Securities Limited,

19th May, 1981

Gentlemen,

Property Portfolio Valuation

In accordance with your instructions and our inspections, we set out hereunder details of the values of properties described below on the bases set out below.

Thames Subsidiaries

Throughout our report, Alsila Limited, Ensine Securities Limited and North Staffordshire Estates Limited are together referred to as the "Thames Subsidiaries".

Date of Valuation

Our valuations have been prepared as at 31st March, 1981.

Open Market Value

In the preparation of our valuations, properties completed and available for sale and properties available for sale on completion of development have been valued with the benefit of vacant possession and on the basis of information the Thames Subsidiaries have supplied to us.

The properties held as investments have been valued subject to and with the benefit of the existing leases, details of which the Thames Subsidiaries have supplied to us.

We confirm that, in all cases, we have valued the properties on an open market value basis, taking into account the practice notes issued by the Royal Institution of Chartered Surveyors in August 1976 and April 1981.

Local Authority Information

In all cases, we have been supplied with copies of the town planning consents, applications for town planning consents and correspondence relating to any amendments thereto. Other information which we have obtained from Local Authorities regarding town planning and highways has been obtained orally. We believe that the information with which we have been furnished is correct, but we cannot accept any liability for incorrect information provided to us.

Repair

We have not carried out structural surveys of any of the properties nor have we been able to inspect those parts that are covered, unexposed or inaccessible. We are unable to report, therefore, that any of the properties are free from defect.

High Alumina Cement

In recent years there has been a great deal of publicity given to the use of high alumina cement in building construction. Portland cement is normally used in the manufacture of pre-cast products and, therefore, only a small minority of buildings in the U.K. are affected. It has not been possible to identify the presence or absence of high alumina cement during our investigations and when preparing the valuations we have assumed it has not been used.

Tenure

We understand that the relevant companies own the freehold interests of all properties set out in the attached schedules. We have not inspected the title deeds and for the purpose of our valuation have assumed that there are no encumbrances, or onerous or unusual covenants, save for any such matters as aforesaid as have been drawn to our attention by the Solicitors to the relevant Company and Allied Residential P.L.C.

Valuation

We have valued all the properties named in the attached schedules in accordance with the assumptions set out above and have pleasure in reporting to you that, in our opinion, as at 31st March, 1981 we consider the current open market value of the freehold interest in these properties with the benefit of vacant possession or subject where specified to the leases to be at or about £1,335,000.

We wish to point out that the valuation certificate is issued for your use and we do not accept responsibility to any third party for the whole or part of its contents.

Freehold properties being developed

Property	*Description*	*Present capital value in existing state* £	*Estimated completion and occupation dates*	*Estimated cost of completing development* £	*Capital value when completed for sale* £
Battinsons St., Southowram, Halifax, Yorks.	Site planning permission granted 12.11.79 for 21 Houses. 6 units completed. 6 garages in course of construction. Road completed for first phase.	160,000	Completion April–December 1981	200,000	400,000

Freehold properties held for development in the future

Property	*Description*	*Terms of existing leases or tenancies*	*Estimated current net annual rental before tax* £	*Present capital value in existing state* £
Peel Close, Atherton, Lancs.	Site to erect 12 semi-detached houses. Planning permission granted 26.3.81.	Not applicable	Nil	42,000
Pater Close, Bingwell Park, Tiverton, Devon	Site planning permission granted (Note a).	Not applicable	Nil	232,000
Granville House, Victoria Parade, Ramsgate, Kent	Single block of property comprising 50 flats, pub, dining room, ballroom.	13 flats let regulated. 37 flats vacant. 9 being modernised. Demolition and reconstruction of central area and kitchens.	5,937	450,000
Lid Lane, Cheadle, Staffs.	Residential Site (Note b).	Not applicable	Nil	130,000
Broomleigh, Booth Road, Altrincham, Greater Manchester	Detached house on 1 acre site. Let as 7 flats.	5 furnished flats 2 unfurnished flats. No formal rental or tenancy agreement in being.	3,516	75,000
Ashleigh, Booth Road, Altrincham, Greater Manchester	Detached house on 1 acre site. Let as 5 flats.	3 furnished flats 1 unfurnished; 1 vacant flat. No formal rental or tenancy agreement in being.	3,424	57,000
Fairholme, 5 Winton Road, Bowden, Greater Manchester	Semi-detached house. Let as 4 flats	2 furnished flats, 2 unfurnished flats. No formal rental or tenancy agreement in being.	2,653	34,000
Fearnhead, 7 Winton Road, Bowden, Greater Manchester	Semi-detached house. Let as 3 flats.	3 furnished flats. No formal rental or tenancy agreement in being.	1,800	25,000
Northcliffe, 37 Stamford Road, Bowden, Greater Manchester	Semi-detached house. Let as 4 flats.	1 furnished, 1 unfurnished, 2 vacant. No formal rental or tenancy agreement in being.	1,350	35,000
Wilton House, Groby Road, Bowden, Greater Manchester	Detached house in ½ acre plot. Let as 4 flats.	2 furnished, 1 unfurnished, 1 vacant. No formal rental or tenancy agreement in being.	2,040	30,000

Freehold properties held for disposal

Property	*Description*	*Terms of existing leases or tenancies*	*Estimated current net annual rental before tax* £	*Present capital value in existing state* £
Appleby Gardens, Woodland Drive, Broughton, Humberside.	3 detached houses erected in 1981.	None	Not applicable	65,000

Notes:—

(a) Planning permission was granted for 49 units on 9th May, 1980 and for 9 units on 10th July, 1980.

(b) Planning permission was granted in March, 1977 for 42 town houses. Variation of planning permission was granted October, 1977 for 39 units.

Yours faithfully,
EDWARD TISH, F.S.V.A.
Edward Tish & Partners
Surveyors and Valuers

ACCOUNTANTS' REPORT ON THE COMPANY

The following is a copy of a report on the Company to its Directors and to Tring Hall by Ernst & Whinney, Chartered Accountants, Auditors of the Company.

Lowgate House,
Lowgate,
Hull,
North Humberside HU1 1JJ

28th May, 1981

The Directors,
Allied Residential Public Limited Company
and
The Directors,
Tring Hall Securities Limited

Gentlemen,

We report that Allied Residential Public Limited Company ("the Company") was incorporated on 11th March, 1981. The Company commenced trading on 6th May, 1981 but has not made up any accounts nor has it paid any dividends.

Yours faithfully,
ERNST & WHINNEY
Chartered Accountants

ACCOUNTANTS' REPORT ON THE HOUSING GROUP

The following is a copy of a report on the Housing Group by Ernst & Whinney, Chartered Accountants, Auditors of the Company and Reporting Accountants on the Housing Group, to the Directors of the Company and to Tring Hall.

The Directors,
Allied Residential Public Limited Company
and
The Directors,
Tring Hall Securities Limited

Lowgate House,
Lowgate,
Hull,
North Humberside HU1 1JJ

28th May, 1981

Gentlemen,

A. Introduction

We have reviewed the audited accounts of Allied Housing Group Limited (formerly Westcott Development Company Limited) ("Housing") and its subsidiaries and F. K. West Limited ("West") for each of the five or six (as the case may be) financial periods ended 31st December, 1980. These accounts were prepared under the historical cost convention. Housing has three subsidiaries, Edmond (Builders) Limited ("Edmond"), Stan Spruit Limited ("Spruit") and A. E. Jenkinson Limited ("Jenkinson"). Housing and its present subsidiaries (together with West) are collectively referred to in this report as "the Housing Group". The accounts of Housing, Edmond and Spruit have been audited throughout the period under review by Messrs. Hodgson, Harris & Co., Chartered Accountants. The accounts of West have been audited throughout the period under review by Messrs. Mercers Bryant, Chartered Accountants. The accounts of Jenkinson for the period up to 30th June, 1979 were audited by Messrs. E. Churchill Mallet & Co., Chartered Accountants, and have been audited by Messrs. Hodgson, Harris & Co., Chartered Accountants, for the period since that date.

Audited financial statements of the Housing Group have been prepared for the year ended 31st December, 1980. Prior to acquisition by Allied Plant Group Limited ("APG") the individual subsidiaries did not account to 31st December, and we have therefore apportioned the results of the earlier years on a time basis, so as to restate the results on a calendar year basis. In view of this apportionment of results, it is not possible to prepare either statements of source and application of funds for the years ended 31st December, 1976 to 1979 or balance sheets as at 31st December, 1975 to 1978. A statement of source and application of funds in respect of 1980 is included below.

The summarised financial information set out below has been derived from the audited accounts of the Housing Group, adjusted as we consider appropriate. We are unable to express an opinion on the work in progress of certain subsidiaries which, prior to their acquisition by APG, was stated at the directors' estimate of the lower of cost and net realisable value (see B. (c) below). Messrs. Hodgson, Harris & Co. and Messrs. E. Churchill Mallet & Co. have, however, confirmed to us in writing that they are satisfied that such work in progress was carefully calculated and correctly stated on a proper and consistent basis.

ALLIED RESIDENTIAL 3

Subject to the foregoing, in our opinion the financial information set out below gives a true and fair view of the state of affairs of Housing and of the Housing Group at 31st December, 1980, of the results of the Housing Group for the five years then ended and of the source and application of funds of the Housing Group for the year ended 31st December, 1980.

The financial information does not specify the manner in which the operations of the Housing Group have been financed or in which its financial resources have been used during the periods ended 31st December, 1979 as required by Statement of Standard Accounting Practice No. 10.

B. Accounting policies

The significant accounting policies of the Housing Group which, with the exception of the policy regarding capitalisation of interest (see (f) below), have been consistently applied in arriving at the financial information set out in this report are as follows:—

(a) *Basis of accounting*

The accounts are prepared under the historical cost convention.

(b) *Basis of consolidation*

The consolidated accounts include the results of Housing and its present subsidiaries and West after eliminating inter-company trading.

(c) *Turnover*

Turnover represents the amounts received and receivable (excluding value added tax) for goods and services supplied to customers outside the Housing Group during the period. Property sales are accounted for upon exchange of contracts provided that the building work has been completed.

(d) *Depreciation of fixed assets*

Freehold land and buildings held as investment properties are not depreciated. Depreciation is provided on other fixed assets on a basis calculated to write off the cost of the relevant assets over their expected useful lives. The annual rates used are as follows:—

Plant and machinery — 20 per cent. on written down values
Motor vehicles — 25 per cent. on written down values
Fixtures and fittings — 10-20 per cent. on written down values

(e) *Stocks, land on hand and work in progress*

Stocks and land on hand are stated at the lower of cost (including capitalised interest) and net realisable value. Work in progress is stated at the lower of cost, including an addition for production overheads, and net realisable value. Cash received on account is deducted from work in progress shown in the balance sheet. Prior to their acquisition by APG in 1979 the work in progress of Housing, Spruit and Jenkinson was stated at the directors' estimate of the lower of cost, including an addition for production overheads, and net realisable value.

(f) *Interest*

In each of the three years ended 31st December, 1978 interest on borrowings to finance land on hand was charged to the profit and loss account. With effect from 1st January, 1979 such interest is capitalised until building work commences, after which interest is charged to the profit and loss account.

(g) *Deferred taxation*

Deferred taxation is only provided on taxation liabilities which are expected to arise in the foreseeable future.

C. Profit and loss accounts

The results of the Housing Group for each of the years ended 31st December, 1976 to 1980 were as follows:—

	Note	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
Turnover		2,588	3,246	3,262	3,731	4,352
Cost of sales	(i)	2,156	2,778	2,817	3,052	3,588
Trading profit	(ii)	432	468	445	679	764
Other income	(iii)	96	118	196	110	71
Profit before taxation and extra-ordinary items		528	586	641	789	835
Taxation	(iv)	172	87	23	19	112
Profit before extraordinary items		356	499	618	770	723
Extraordinary items	(v)	—	16	—	64	12
Profit available for distribution		356	515	618	834	735
Dividends	(vi)	155	250	293	605	750
Retained profit		201	265	325	229	(15)

Notes:—

(i) Cost of sales included:—

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
Auditors' remuneration	6	7	11	12	13
Depreciation	20	26	26	30	36
Directors' emoluments	119	130	134	109	64
Interest payable	10	33	73	138	135
Hire of plant and machinery	22	32	41	74	84

(ii) Trading profit in the years ended 31st December, 1979 and 1980 included exceptional profits of £112,000 and £251,000, respectively, arising on the sale of land.

(iii) Other income comprised:—

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
Interest receivable	52	55	97	50	3
Rents receivable less expenses	25	33	34	20	12
Surplus on sales of investment properties	18	23	31	12	31
Surplus on sales of plant, equipment and motor vehicles	1	2	14	28	25
Compensation for building contract	—	—	20	—	—
	96	118	196	110	71

(iv) The charge for taxation, which was based on the results for the year, comprised:—

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
Corporation tax at 52% (1978—42%)	191	77	13	181	207
Advance corporation tax written off	4	10	15	5	—
Group relief surrendered by APG or its other subsidiaries	(23)	—	(5)	(167)	(207)
Development land tax	—	—	—	—	112
	172	87	23	19	112

No payments have been made to APG or its other subsidiaries in respect of group relief surrendered.

At 31st December, 1980 there were losses for taxation purposes amounting to approximately £216,000 available for carry forward against future profits.

(v) Extraordinary items comprised the surpluses arising on the sale of freehold properties formerly occupied by the Housing Group.

(vi) The following dividends have been declared by the Housing Group during the period:—

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000
Payable to APG by					
Housing	—	—	—	450	650
West	138	210	245	140	100
Payable to former shareholders of:					
Housing	10	10	3	—	—
Jenkinson	7	30	45	15	—
	155	250	293	605	750
Amounts waived (all Housing)	8	8	3	—	—

(vii) The amount of interest capitalised in respect of borrowings to finance land purchases prior to development amounted to:—

Year ended 31st December,	£000
1979	43
1980	27

D. Balance sheets

The balance sheets of Housing and the Housing Group as at 31st December, 1980 were as follows:—

Housing £000		Note	The Housing Group £000
20	Fixed assets	(i)	205
—	*Less:* Hire purchase liabilities payable after 31st December, 1981		55
20			150
1,464	Subsidiaries	(ii)	
—	Investments	(iii)	—
	Current assets		
988	Stocks, land on hand and work in progress	(iv)	2,709
358	Amount due from APG and its other subsidiaries		331
59	Debtors		480
1,405			3,520
	Current liabilities		
208	Creditors		676
—	Hire purchase liabilities		44
112	Taxation		118
—	Amount due to other subsidiaries of APG		12
750	Dividends payable to APG		750
623	Bank overdraft (secured)		865
1,693			2,465
(288)	Net current assets (liabilities)		1,055
1,196			1,205
	Financed by:—		
5	Share capital	(v)	5
1,191	Revenue reserves		1,200
1,196			1,205

Notes:—

(i) Fixed assets comprised:—

	Cost £000	Depreciation £000	Net book amount £000
The Housing Group			
Freehold land and buildings	20	—	20
Plant, equipment and fittings	97	25	72
Motor vehicles	144	31	113
	261	56	205
Housing			
Freehold land and buildings	20	—	20

(ii) The investment of Housing in its subsidiary companies comprised:—

	£000
Shares at cost	1,742
Amounts due from subsidiaries	497
	2,239
Amounts due to subsidiaries	775
	1,464

(iii) Investments, which are stated at cost (£21) and are fully paid, comprised Housing's interest in four property management companies.

(iv) Stocks, land on hand and work in progress comprised:—

	Housing £000	The Housing Group £000
Stocks	—	87
Land on hand	363	437
Work in progress	625	2,251
	988	2,775
Less: Amounts received on account	—	66
	988	2,709

(v) At 31st December, 1980 the authorised and issued share capital of Housing was as follows:—

	Authorised £	Issued and fully paid £
Ordinary shares of 10p each	500	450
Deferred shares of £1 each	4,500	4,500
	5,000	4,950

(vi) No provision for deferred taxation was required at 31st December, 1980. Potential tax liabilities, which are not expected to crystallise in the future, exist in respect of:—

	Housing £000	The Housing Group £000
Accelerated capital allowances	—	63
Stock appreciation relief	363	903
Other timing differences	(112)	(125)
	251	841

(vii) At 31st December, 1980 the directors had not authorised any capital commitments.

(viii) The Housing Group has given guarantees to a bank in respect of the borrowings of APG and its other subsidiaries. The net liability under these guarantees at 31st December, 1980 amounted to £1,618,000.

E. Statement of source and application of funds

The source and application of funds of the Housing Group for the year ended 31st December, 1980 were as follows:—

	£000	£000
Funds obtained from:—		
Profit before taxation		835
Depreciation		36
Surplus on sale of freehold property		12
Funds generated from operations		883
Net book amount of fixed assets sold		124
Hire purchase finance received		110
		1,117
Funds used for:—		
Additions to fixed assets		166
Repayment of hire purchase finance		20
Tax paid		50
Dividend paid to APG		590
Increase (decrease) in working capital		
Stocks, land on hand and work in progress	467	
Debtors	222	
Creditors	(120)	
APG and its other subsidiaries	657	
		1,226
		2,052
Increase (decrease) in net liquid funds		(935)
		1,117

F. Accounts

Audited accounts have not been prepared for either Housing or the Housing Group in respect of any period subsequent to 31st December, 1980.

Yours faithfully,
ERNST & WHINNEY
Chartered Accountants

ACCOUNTANTS' REPORT ON THE THAMES SUBSIDIARIES

The following is a copy of a report on the Thames Subsidiaries by Simmons Cohen Fine & Partners, Chartered Accountants, Auditors of Thames and Reporting Accountants on the Thames Subsidiaries, to the Directors of the Company and to Tring Hall.

27 John Street,
London WC1N 2BL

28th May, 1981

The Directors,
Allied Residential Public Limited Company
and
The Directors,
Tring Hall Securities Limited

Gentlemen,

We have reviewed the audited accounts of Absila Limited ("Absila"), Ermine Securities Limited ("Ermine") and North Staffordshire Estates Limited ("NSE"), collectively referred to as "the Companies", for the five years ended 31st May, 1980 and the subsequent audited accounts of the Companies for the seven month period 1st June, 1980 to 31st December, 1980.

Absila and Ermine were wholly owned subsidiaries of Thames Investment & Securities Limited ("Thames"), a company incorporated in England, throughout the period under review and we have been auditors of Absila and Ermine throughout that period.

On 5th February, 1980 the offer by Thames for the share capital of NSE became unconditional and it became a wholly owned subsidiary. We have been the auditors of NSE since 30th May, 1980.

The information set out in this report is based on the audited accounts of the Companies after making such adjustments as we consider appropriate, and has been prepared under the historical cost convention except for the revaluation of certain properties. In our opinion, this information gives, under the accounting convention stated above, a true and fair view of the results of the Companies and of the source of the Companies' funds for the period ended 31st December, 1980, and of the state of affairs of the Companies at 31st December, 1980.

No audited accounts of the Companies have been prepared in respect of any period subsequent to 31st December, 1980.

Accounting policies

(a) *Accounting convention*

These accounts are prepared under the historical cost convention except for the revaluation of certain properties which are incorporated in the accounts.

(b) *Fixed assets*

Freehold property has not been depreciated. Fixtures and fittings have been depreciated at 15 per cent. per annum on written down value which will reduce the book value to their estimated residual value at the end of their useful life.

(c) *Turnover*

Turnover represents sale of properties and excludes intra-group transactions.

(d) *Valuation of properties held for/ or in the course of development and/or re-sale*

Properties which are held for development or resale are shown at cost less, after allowing for the estimated cost of completion, any provision for unrealised losses which, in the opinion of the Directors, is necessary. Cost includes:—

(i) purchase of property, stamp duties, legal and other professional fees incurred on purchase;
(ii) interest paid in respect of the finance made available for the purchase where made available from external sources;
(iii) other professional fees, valuations and other payments made in connection with the property.

Where development is in progress on a property the following expenditure is also included:—

(i) cost of building works, materials and other expenses incurred in connection with the development;
(ii) architects fees, supervisory fees and other professional fees incurred in connection with the development;
(iii) interest and other finance charges on finance made available for the development until fully let.

(e) *Valuation of properties held for investment*

The surplus arising on the increase in value over cost has been credited to capital reserve, and these investment properties are shown in the accounts at that valuation.

(f) *Inclusion of properties in accounts*

Purchases and sales of properties are taken into account if contracts are exchanged before the balance sheet date.

(g) *Deferred taxation*

The Companies provide for such deferred taxation as is expected will become payable in the foreseeable future.

Profit and loss accounts

The results of the Companies were summarised on the following bases:—

(i) 1976–1979 incorporated the results of Absila and Ermine for the year ended 31st May and the results of NSE for the year ended 31st March;

(ii) 1980 incorporated the results of Absila and Ermine for the year ended 31st May, 1980 and the results of NSE for the period between 1st April, 1979 to 31st May, 1980; and

(iii) the seven month accounts incorporated the Companies' results for the period between 1st June, 1980 to 31st December, 1980.

	Note	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000	Seven months ended 31st December 1980 £000
Turnover		235	461	517	391	584	43
Profit before taxation	(a)	6	8	23	34	30	14
Taxation	(h)	2	2	—	—	—	—
Profit after taxation		4	6	23	34	30	14
Extraordinary items	(b)	(22)	—	(5)	—	30	—
		(18)	6	18	34	60	14
Dividends		—	3	—	—	—	—
Retained profit (loss)		(18)	3	18	34	60	14
Balance brought forward		(151)	(169)	(166)	(148)	(114)	(54)
Balance carried forward		(169)	(166)	(148)	(114)	(54)	(40)

Statement of source and application of funds

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000	Seven months ended 31st December 1980 £000
Funds obtained from:—						
Profit in the period	6	8	23	34	30	14
Items not involving fund movements:—						
Profit on sale of assets	(4)	—	—	—	—	—
Depreciation	3	—	—	1	—	1
Extraordinary items	14	—	—	(27)	—	—
Total generated from operations	19	8	23	8	30	15
Other sources						
Sale of assets	9	—	—	—	52	7
Intra-group indebtedness	—	—	—	4	—	119
	28	8	23	12	82	141
Funds used for:—						
Intra-group indebtedness	(14)	(25)	(107)	—	(108)	—
Dividends paid	—	—	(3)	—	—	—
Tax paid	(3)	(2)	—	—	—	—
Net source (application) of funds	11	(19)	(87)	12	(26)	141
Changes in working capital						
Properties held for/or in the course of development and/or resale	(31)	(174)	(101)	211	(123)	258
Debtors	54	(16)	7	(7)	(7)	13
Creditors	7	3	(8)	(62)	75	(2)
	30	(187)	(102)	142	(55)	269
Movements in net liquid funds						
Increase/(decrease) in bank balance	3	12	(10)	(2)	(26)	1
(Increase)/decrease in bank overdraft and loans	(22)	156	25	(128)	55	(129)
	11	(19)	(87)	12	(26)	141

Balance sheets

The balance sheets of (a) the Companies and (b) each of the Thames Subsidiaries, as at 31st December, 1980 were as follows:—

	The Companies £000	The Companies £000	Absila £000	Absila £000	Ermine £000	Ermine £000	NSE £000	NSE £000
Share capital (Note c)		215		—		150		65
Reserves (Note d)		235		(79)		39		275
		450		(79)		189		340
Represented by:								
Fixed assets (Note e)		256		—		—		256
Current assets								
Properties held for/or in the course of development and/or re-sale	507		103		404		—	
Debtors and prepayments	51		—		48		3	
Cash at bank and in hand	8		—		—		8	
	566		103		452		11	
Current liabilities								
Creditors and accrued expenses	13		—		13		—	
Bank overdrafts and loans (Secured)	341		35		306		—	
	354		35		319		—	
Net Current Assets		212		68		133		11
		468		68		133		267
Amounts (due to)/from Thames		(18)		(147)		56		73
		450		(79)		189		340

Notes to profit and loss accounts and balance sheets

(a) *Profit*

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000	Seven months ended 31st December 1980 £000
(i) Arising in the accounts of:—						
Absila	(8)	(16)	(8)	(7)	3	10
Ermine	10	19	34	43	36	1
NSE	4	5	(3)	(2)	(9)	3
	6	8	23	34	30	14
(ii) After charging:—						
Directors' emoluments	8	8	8	8	7	—
Directors' pension scheme contribution	—	—	5	2	—	—
Compensation for loss of office	—	—	—	—	20	—
Depreciation	3	—	—	1	—	1
Interest on loans maturing within 5 years	37	29	21	40	34	36
Interest capitalised	—	—	—	—	—	22
And after crediting:—						
Rents received	13	15	15	16	19	6
Interest received	70	48	24	48	38	13

All of the directors' emoluments, directors' pension scheme contributions and compensation for loss of office related to NSE and to a period prior to its acquisition by Thames.

The auditors' remuneration has been included in the management company of Thames.

(b) *Extraordinary items*

Profits and losses which derive from events or transactions outside the ordinary activities of the Companies and which are not expected to recur frequently or regularly are treated as extraordinary items in the profit and loss accounts.

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000	Seven months ended 31st December 1980 £000
Irrecoverable tax written off	(22)	—	(5)	—	—	—
Gain on realisation of investment	—	—	—	—	30	—
	(22)	—	(5)	—	30	—

(c) *Share capital*

At 31st December, 1980	Authorised £	Issued and fully paid £
Absila		
Ordinary shares of £1 each	100	100
Ermine		
Ordinary shares of £1 each	150,000	150,000
NSE		
Ordinary shares of 5p each	50,000	50,000
4.2% preference shares of £1 each	15,000	15,000
The Companies	215,100	215,100

(d) *Reserves*

At 31st December, 1980	The Companies £000	Absila £000	Ermine £000	NSE £000
Capital Reserve				
Balance at 1st June, 1980	244	—	—	244
Valuation surplus	31	—	—	31
Balance at 31st December, 1980	275	—	—	275
Profit and Loss Accounts	(40)	(79)	39	—
	235	(79)	39	275

(e) *Fixed assets*

	Fixtures and fittings at cost £000	Freehold property at valuation £000	Total £000
The Companies			
Balance at 1st June, 1980	53	225	278
Revaluation	—	31	31
Disposal	(53)	—	(53)
Balance at 31st December, 1980	—	256	256
Depreciation			
Balance at 1st June, 1980	49	—	49
Charge for the period	1	—	1
Eliminated on disposal	(50)	—	(50)
Balance at 31st December, 1980	—	—	—
At valuation at 31st December, 1980	—	256	256

Professional valuations have been obtained of NSE's freehold properties as at 31st October, 1980 from Edward Tish & Partners on the basis of open market value.

(f) *Contingent liabilities*

No provision has been made in respect of tax which would be payable on profits arising on realisation of fixed assets at the valuation included in these accounts. Under current legislation the potential tax liability arising on realisation of the fixed assets at valuation would be approximately £56,000.

(g) There were no capital commitments for the Companies at 31st December, 1980.

(h) *Taxation*

The charges in the profit and loss accounts are arrived at as follows:—

	1976 £000	1977 £000	1978 £000	1979 £000	1980 £000	Seven months ended 31st December, 1980 £000
Absila	—	—	—	—	—	—
Ermine	—	—	—	—	—	—
NSE	2	2	—	—	—	—
	2	2	—	—	—	—

(i) *Deferred taxation*

Deferred taxation has not been provided as, in the opinion of the Directors, no liability is likely to arise as a result of reversal of timing differences in the foreseeable future. The estimated full potential liability for deferred taxation is approximately £76,000 and is attributable to stock appreciation relief.

Yours faithfully,
SIMMONS COHEN FINE & PARTNERS
Chartered Accountants

STATUTORY AND GENERAL INFORMATION

1. History and capital changes

The Company was incorporated in England under the Companies Acts 1948 to 1980 under No. 1550213 on 11th March, 1981 as a public limited company with an initial authorised share capital of £50,000 divided into 50,000 Ordinary Shares of £1 each, all of which were subscribed for in cash at par and allotted to APG and Thames in equal proportions on 18th March, 1981. On the same day each Ordinary Share of £1 was sub-divided into five Ordinary Shares of 20p each.

On 6th May, 1981 each Ordinary Share of 20p was further sub-divided into 2 Ordinary Shares of 10p each and the Company increased its authorised share capital to £1,250,000 by the creation of 12,000,000 Ordinary Shares of 10p each for the purpose, *inter alia*, of acquiring the whole of the issued share capitals of Housing, West and the Thames Subsidiaries. On the same date the Company commenced business by entering into the contracts with APG and Thames referred to at (m) and (n) in paragraph 6 below. On 28th May, 1981 the Company adopted new Articles of Association and, pursuant to the contracts referred to above, issued 2,500,000 Ordinary Shares, credited as fully paid up, to each of APG and Thames.

2. Subscription agreement

Pursuant to an agreement dated 28th May, 1981 between the Directors of the Company (1) the Company (2) Tring Hall (3) APG (4) and Thames (5) Tring Hall agreed to subscribe or procure subscribers for 4,500,000 Ordinary Shares at a price of 35p per share. The agreement is conditional upon the completion of the agreements between the Company and APG and Thames respectively referred to at (m) and (n) in paragraph 6 below and upon a listing being granted for all the Ordinary Shares of the Company not later than 15th June, 1981. It provides for Tring Hall to receive from the Company a fee of £25,000 and its legal, accounting and other expenses (plus VAT) which it will deduct from the subscription price of the Ordinary Shares subscribed for before accounting to the Company for the balance.

3. Subsidiaries

The Company has the following subsidiaries, all of which are private companies and are wholly owned:—

Company	Date and place of incorporation	Nature of business	Issued share capital
Allied Housing Group Limited	7th April, 1958 England	Estate development and holding company	4,500 Ordinary Shares of 10p each and 4,950 Deferred Shares of £1 each
Edmond (Builders) Limited	24th March, 1961 England	Construction and sale of houses	5,000 Preference Shares of £1 each, 20,000 Ordinary Shares of 5p each, 20,000 non-voting Ordinary Shares of 5p each, 20,000 Deferred Shares of £1 each and 20,000 Second Deferred Shares of £1 each
Stan Spruit Limited	14th September, 1959 England	Building contracting, now dormant	10,100 Ordinary Shares of £1 each and 101 Deferred Shares of £1 each

APPOINTMENTS

Management changes at Petrofina

Baron Edmond de Selys Longchamps relinquishes his position as PETROFINA UK's chief executive at the end of June. He remains on the Board as non-executive chairman. Mr. Pierre Inngels, managing director, becomes the copany's chief executive from July.

Mr John L. Warner, managing director of Sigma Coatings (a subsidiary company of the Group) is appointed a non-executive director of Petrofina UK.

*

Mr. Hugh Adamson, until recently general manager of sales and marketing for Continental Can USA, has been appointed managing director of CONTINENTAL CAN (UK) in succession to *Mr. P. A. Barrett*. Mr. Barrett, who remains a director of the company, assumes new responsibilities in the Middle East and Africa on behalf of Continental Can.

*

Mr. Stephen Curran has been appointed deputy chief executive of CANDOVER INVESTMENTS, "management buy-out" specialists. Prior to joining Candover, Mr. Curran was project finance manager at the National Coal Board Pension Funds.

*

STEWART OFFSHORE SERVICES has made the following management appointments: Mr. Alex Smith has been appointed a director of Stewart Offshore Services (Scotland). Mr. Denis Robb joins Stewart Offshore from Offshore Supply Association to become Aberdeen manager. Mr. Brian Page has been appointed general manager of the company's London office. Mr. Roddy Thomas joins Stewart Offshore in London as manager of Europe and West Africa operations. Mr. John Newton joins Stewart Offshore in London as manager special projects.

*

Mr. R. W. Darke, general manager of ANDREW WEIR INSURANCE COMPANY, will retire on June 30. Mr. Darke will continue as a director. On July 1 Mr. J. W. Webb becomes general manager and Mr. J. T. R. Solder succeeds Mr. Webb as aviation underwriter.

*

Mr. Alfred Pettengell, managing director of Beloit Walmsley, of Bury, has been elected chairman of the BRITISH PAPER MACHINERY MAKERS' ASSOCIATION. He succeeds Mr. Charles Leveson-Gower, managing director of Spooner Industries.

*

Mr. David Hattersley has been appointed managing director of FOUNDATION ENGINEERING and PILCON ENGINEERING of the Costain Group. He was previously manager of Foundation Engineering.

*

Mr A. G. McIvor, Mr J. F. Finch and Mr S. W. Monnick have become partners of stockbrokers GUY PUCKLE AND CO.

*

CHEMICAL BANK has formed a world insurance group to service the industry's banking needs, with units at present in the U.S. and UK. Mr Anthony F. Heatly, vice-president, has been appointed its international head. Previously in charge of financial institutions services in London, Mr Heatly will be based in New York. Mr Derek A. Newman, vice-president, has been appointed head of the UK and European advisory unit, based in London.

*

MOORE McCORMACK RESOURCES has appointed Mr Louis Castelli as president of its Dallas-based oil and gas subsidiary, Moore McCormack Energy.

*

Mr. John Bettinson, has been appointed chairman of CONCENTRIC fro July 1. The senior partner of Bettinsons, the Birmingha solicitors, he joined the Concentric board as a non-executive director in 1978.

*

Mr. Norman Harrison, managing director of Norank Engineering Co. has been appointed a director of the new company, C-TRAK which has been formed to take over the "BERNCO" conveyor business of Bernard Collins, now in liquidation. Other mebers of the C-TRAK Board are Mr J. A. Merritt and Mr. A. L. R. Morton.

*

Mr. H. J. de Ruiter, regional co-ordinator Africa and South Asia, has been appointed a director of the SHELL INTERNATIONAL PETROLEUM COMPANY from June 1.

*

Miss Patricia Mann, at present head of public affairs for the J. Walter Thompson London agency, has been appointed a vice-president of J. WALTER THOMPSON INTERNATIONAL, responsible for external affairs for the JWT Group (UK) and with an extended role in JWT Europe.

*

Mr Lionel R. Wernick, joint chairman and managing director of the Wernick Group, has been elected national chairman of the PREFABRICATED BUILDINGS MANUFACTURERS' ASSOCIATION of Great Britain for a two-year period.

*

Mr. David Wernick has been appointed tothe Board of the WERNICK GROUP of companies. The son of Mr. Lionel Wernick, he represents the third generation in the business.

*

Mr Donald Kirkham, deputy chief general manager of the Woolwich Equitable Building Society, has been appointed president of the CHARTERED BUILDING SOCIETIES INSTITUTE for 1981-82.

*

Mr. Edward Carswell, a director of the Staples central sales division, has been appointed sales director of UNWIN BROTHERS, Woking and a director of the STAPLES PRINTING GROUP.

*

Mr J. E. Williams has been appointed chief executive officer of the accounts division of ALEXANDER HOWDEN INSURANCE BROKERS.

*

Mr David Wares has been appointed an executive director of UBM GROUP and Mr Allen Sheppard a non-executive director.

CONTRACTS

£9m radar order

A £9m contract to supply advanced surveilance radar and command guidance equipment for the British Aerospace Dynamics Group Rapier low-level, air defence missile system, has been won by RACAL-DECCA DEFENCE SYSTEMS (RADAR). The Racal-Decca surveillance radar and command guidance equipment will form part of the 32 Rapier sets the United States Air Force has ordered from BAe. The surface-to-air missiles will be deployed in the UK for the defence of USAF bases and will be manned by three squadrons from the RAF Regiment.

*

The British Gas Corporation has awarded a three-year contract for meter cabinets to ERF PLASTICS worth between £1.5m and £2m. It involves the supply of up to 200,000 cabinets in polyester dough moulding compound. The cabinets are to be fitted externally to residential properties. ERF Plastics is a subsidiary of ERF, Britain's only independent manufacturer of heavy goods vehicles.

*

Barclays Bank has signed a contract with PHILIPS BUSINESS SYSTEMS for the supply of 1,000 PTS 6000 terminals valued in excess of £2m, with a possible further delivery of 2,500 installations after initial trials are completed. This would bring the total order value to £7m. The terminals are part of the Philips PTS 6000 financial terminal range and have been specially designed and developed in Britain to Barclays' specification.

The compact PTS 6581 intelligent terminal is capable of providing 22 functions at the cashier's window, and will ensure faster and more efficient customer service. Data captured during transactions may be processed locally or transmitted directly to the host mainframe computer via a flexible communications interface.

*

AVO has been awarded a £1.3m contract by British Telecom to supply multimeters for use in installation, inspection and servicing of telecommunications equipment.

*

A £150,000 contract for the supply of a computerised import-export documentation system to London-based European Freightbus has been awarded to MANAGEMENT CONTROL SYSTEMS, Manchester.

*

A contract worth a total estimated value of £330,000 for nursery units comprising 8,500 sq metres at Lea Road, Industrial Park, Waltham Abbey, Hertfordshire, has been awarded to DANDEK STRUCTURES, Reigate. The contract is for a complete packaged industrial building incorporating steel framework and insulated cladding to roofs in asbestos cement, and walls in steel, with sliding, folding doors, and is computer designed.

WORLD STOCK MARKETS

Early uncertainty on Wall St

AMID SOME uncertainty about interest rates, Wall Street slipped back after a firm start to present a mixed picture at mid-session after another active trade.

The Dow Jones Industrial Average, after gaining 2.68 more at 10.30 am, was a net 1.95 down at 7 pm at 991.19. The NYSE All Common Index lost 22 cents at $77.36, although gains still narrowly led declines at mid-session by a seven-to-six ratio. Trading volume came to 42.48m shares, compared with 41.47m recorded at 1 pm on Wednesday.

Chase Manhattan Bank early yesterday cut its Prime Rate to 20 per cent from 20½, an action that was followed by a smaller bank, Manufacturers Bank Los Angeles. Marine Midland Bank reduced its broker loan rate to 19¾ per cent.

These developments were seen as providing further evidence that interest rates may be at or near a peak. However, Salomon Brothers chief economist Henry Kaufman commented that he still believes interest rates will move higher and subsequently unsettled the market.

In addition, analysts said concern about the situation in the Middle East also cut short the market's improvement.

Oil stocks were notably weak, with Exxon off 1⅛ to $66¼, Mobil 1½ to $58⅞, Standard Oil of Indiana 1⅞ to $53⅝ and Atlantic Richfield 1¼ to $45⅜. Active Union Oil lost ¾ to $32⅛.

Among other active issues, volume leader LTV gained ⅜ to $25½, but IBM slipped ⅛ to $57⅞ and Sony ⅜ to $24⅜. American Express rose 1⅜ to $49⅛.

THE AMERICAN SE Market Value Index declined 1.01 to 378.76 at 1 pm. Volume 5.24m shares (4.46m).

Canada

Shares were mixed with a firm bias after an active morning session, but with the Toronto Composite index down a slight 0.8 to 2,376.2. Golds rose 57.6 to 4,427.1 but Oil and Gas shed 40.1 to 5,042.7.

Closing prices for North America were not available for this edition.

Tokyo

Following a higher opening in response to the overnight Wall Street rise, the market was inclined to lose further ground on fresh profit-taking, although in much slower trading.

The Nikkie-Dow Jones Average declined 27.17 to 7,502.03 for a two-day retreat of 74 points, while the Tokyo SE Index receded 2.09 more to 555.38. Falls finally outnumbered rises by 347 to 234 on the First Market section after a turnover of 330m shares, against Wednesday's 620m.

Brokers said the yen's further decline in the Tokyo Foreign Exchange market was dampening investor desires. Foreign buyers were in the market in the morning, but apparently pulled out in the afternoon, they added.

The Pharmaceuticals sector was particularly weak, with Fujisawa Pharmaceutical leading the way down with a full of Y115 to Y915, depressed by a poor business outlook for the drugs industry. Takeda dipped Y40 to Y801, Tanabe Y39 to Y607, Daiichi Y35 to Y845 and Mochida Y130 to Y1,550.

Large-capital shares mainly continued to recede after recent strength, together with some Light Electricals, but a few Precision Instruments issues advanced.

Hitachi shed Y16 to Y632, Nippon Steel Y4 to Y209 and Mitsubishi Heavy Y2 to Y283, but Sumitomo Metal gained Y6 to Y271 and Hitachi Shipbuilding Y5 to Y208.

Sony lost Y150 to Y5,430, Victor Y70 to Y3,300 and Nippon Electrical Y7 to Y780, but Canon added Y40 at Y1,500, Ricoh Y18 at Y780 and TDK Electronic Y40 at Y5,390.

Australia

Stock prices mostly continued to drift with no clear trend, with dealers mainly holding off to await further developments on the interest rates front in the U.S.

However, Shale Oil issues were back in favour as traders took a positive view of Esso Australia's recommitment to the Rundle oil shale project.

Rundle partner Central Pacific finished 15 cents higher at A$2.50, while affiliate, Southern Pacific, gained 13 cents to A$1.03, but both stocks closed off their highs in sympathy with a generally cautious Oils sector.

Vangas, the locally listed participant in the Western Australia Blina No. 1 well oil discovery, lost a net 20 cents at A$14.20, after trades between A$13.70 and A$14.30. Woodside Petroleum eased 5 cents to A$2.40 and Santos 10 cents to A$6.80, while Eagle relinquished 15 cents to 95 cents and Swan Resources 10 cents to A$1.35.

Crusader Oil, however, made a firm exception, rising 30 cents to A$.60 on news that Canadian concern Ocelot was moving in on its areas and would be picking up the exploration tab.

ERA firmed 5 cents to A$1.65, benefiting from news of a 12.4 per cent increase in estimated reserves at the Ranger uranium deposit.

CBC Bank rose 28 cents to A$6.50 following further indications by the Federal Government that it would not intervere in the current round of banking mergers.

Hong Kong

Despite a strong opening yesterday, share prices receded later to finish trading generally easier on the day.

Trading commenced with the market indicator brushing up past the 1,650 mark, equal to the year's best level reached on February 4, on news that the broker loan rate had been cut at a U.S. bank on Wednesday. However, local operators started taking profits and prices headed down soon afterwards, with the Hang Seng index closing a net 11.93 down at 1,624.34. Turnover rose to HK$533.47m on the four stock exchanges from the previous day's HK$450.23.

Brokers called the decline a technical reaction to the three-week uptrend in prices. "We may come off a few more points, but the market will make another run at 1,650 soon," predicted a trader.

Another broker said that how strongly the market rebounds depends on the direction U.S. interest rates take. "If we get more cuts in the U.S. and the Prime comes down, the market will reach 1,700 in no time. But if they just level off, there won't be anything to support higher stock prices here," he reasoned.

The market was flush with rumours that Jardine Matheson will announce a rights issue in the coming weeks, partly causing the market's subsequent easier tone. One broker described the chances of such an offer as about fifty-fifty.

Among the Hongs, Jardine Matheson lost 50 cents to HK$22.80, but Hutchison Whampoa, HK$19, and Swire Pacific "A," HK$18.90, were unchanged on the day. Wheelock Marden "A" shed 15 cents to HK$7.35.

Milan

Ignoring the Government crisis and monetary uncertainties, the market continued to recover strongly yesterday in active trading. The Banca Commerciale Italiana index, which recouped 7.42 on Wednesday of the recent fall, rallied 5.48 more to 285.04, almost returning to the 1981 high of 287.33 set on May 21.

Markets closed

Due to the Ascension Day holiday, markets in the following countries were closed yesterday: West Germany, France, Switzerland, Netherlands, Belgium, South Africa, Austria, Denmark, Norway and Sweden

Indices

NEW YORK —DOW JONES

	May 27	May 26	May 22	May 21	May 20	May 19	1981 High	1981 Low	Since Cmpil'tn High	Since Cmpil'tn Low
♦Industr'ls	993.14	985.96	971.72	976.59	976.86	980.01	1024.05 (27/4)	931.57 (13/2)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds	59.47	59.70	58.97	58.80	59.01	59.15	65.78 (15/1)	58.37 (7/5)	—	—
Transport.	435.91	429.51	426.55	428.78	427.40	426.47	447.38 (16/4)	379.12 (20/2)	447.38 (16/4/81)	12.23 (8/7/32)
Utilities	107.60	107.55	106.91	106.98	107.75	108.15	117.81 (5/1)	105.99 (6/5)	163.32 (20/4/69)	10.5 (28/4/42)
TradingVol 000's†	58,730	42,760	40,710	46,820	42,370	42,220	—	—	—	—

♦Day's high 998.70 low 978.76

Ind. div. yield %	May 22	May 15	May 8	Yearago (approx
	5.77	5.81	5.71	7.10

STANDARD AND POORS

	May 27	May 26	May 22	May 21	May 20	May 19	1981 High	1981 Low	Since Cmpil't n High	Since Cmpil't n Low
‡Indust'ls	151.16	150.04	148.38	148.98	149.18	149.22	157.02 (6/1)	148.73 (2/2)	160.98 (28/11/80)	3.52 (30/6/32)
Composite	133.77	132.77	131.33	131.75	132.00	132.08	138.12 (6/1)	128.58 (20/2)	140.52 (28/11/80)	4.40 (1/6/32)

	May 20	May 13	May 6	Year ago (approx
Ind. div. yield %	4.67	4.70	4.69	5.53
Ind. P/E Ratio	10.81	9.91	10.83	7.46
Long Gov. Bond Yield	13.22	13.72	13.81	10.26

N.Y.S.E. ALL COMMON

May 27	May 26	May 22	May 21	1981 High	1981 Low
77.58	77.05	76.26	76.44	79.14 (6/1)	72.45 (20/2)

Rises and Falls	May 27	May 26	May 22
Issues Traded	1,931	1,906	1,880
Rises	1,033	886	786
Falls	537	641	667
Unchanged	361	379	427
New Highs	127	55	69
New Lows	22	28	21

MONTREAL

	May 27	May 26	May 25	May 22	1981 High	1981 Low
Industrials	409.56	403.68	405.61	402.57	409.56 (27/5)	366.25 (20/2)
Combined	375.16	370.85	370.91	368.70	375.16 (27/5)	339.54 (20/2)
TORONTO Composite	2377.0	2382.9	2364.0	2362.0	2378.8 (10/4)	2151.4 (20/2)

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Eastrn. Air Lines	882,700	12⅞	+ 1	Storage Tech.	607,000	35¾	+ 1
Amer. Airlines	720.500	20¾	+ 1⅛	Am. Tel & Teleg.	602,400	57⅞	+ 1
IBM	673,900	57⅞	+ 1⅛	Citicorp	576.600	27⅝	+ 1
Polaroid	630.100	29¾	− ⅞	Pitney-Bowes	585.700	29	− ¾
General Motors	616,200	56⅞	+ 1⅛	Exxon	558.300	67⅞	+ ½

	May 28	May 27	May 26	May 25	1981 High	1981 Low
AUSTRALIA						
All Ord. (1/1/80)	711.5	711.2	713.6	710.0	767.5 (6/4)	641.1 (17/2)
Metal & Minrls. (1/1/80)	621.1	619.2	622.5	619.0	755.2 (7/1)	554.9 (5/5)
AUSTRIA						
Credit Aktien (2/1/62)	(c)	61.19	61.40	61.45	66.45 (6/1)	61.19 (27/5)
BELGIUM						
Belgian SE (31/12/63)	(c)	74.61	74.52	74.43	86.19 (17/2)	74.11 (22/5)
DENMARK						
Copenhagen SE (1/1/73)	(c)	112.31	112.54	112.25	112.54 (26/5)	95.88 (2/1)
FRANCE						
CAC General (29/12/61)	(c)	88.0	90.1	88.4	112.6 (17/3)	86.3 (19/5)
Ind Tendance (31/12/80)	(c)	86.5	88.4	87.8	106.8 (15/3)	85.1 (19/5)
GERMANY						
FAZ-Aktien (31/12/58)	(c)	226.97	228.07	227.43	234.8 (24/4)	215.88 (9/2)
Commerzbank(Dec. 1953	(c)	696.1	706.7	698.1	727.7 (27/4)	666.4 (16/2)
HOLLAND						
ANP-CBS General (1970)	(c)	92.4	92.1	91.7	93.6 (18/5)	85.7 (2/1)
ANP-CBS Indust. (1970)	(c)	71.1	70.9	70.9	72.9 (28/4)	62.8 (2/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1624.34	1636.27	1635.35	1588.90	1650.82 (4/2)	1295.44 (11/5)
ITALY						
Banca Comm. Ital (1972)	285.04	279.56	272.14	281.34	287.35 (21/5)	175.36 (6/1)
JAPAN						
Dow Average (16/5/49)	7502.03	7529.20	7576.18	7560.77	7874.18 (30/4)	6956.52 (13/5)
Tokyo New SE (4/1/68)	555.38	557.47	561.65	559.27	561.65 (26/5)	495.79 (5/1)
NORWAY						
Oslo SE (1/1/72)	(c)	114.75	115.02	115.27	127.37 (4/5)	114.75 (27/5)
SINGAPORE						
Straits Times (1966)	876.06	871.52	861.54	861.35	910.24 (15/5)	669.52 (2/1)
SOUTH AFRICA						
Gold (1958)	(c)	619.6	625.0	687.3	797.6 (7/1)	561.3 (3/5)
Industrial (1958)	(c)	634.6	636.5	637.8	653.5 (1/5)	537.0 (6/2)
SPAIN						
Madrid SE (30/12/80)	119.25	119.26	119.04	(c)	119.89 (22/5)	100.45 (2/1)
SWEDEN						
Jacobson & P. (1/1/58)	(c)	528.06	529.44	532.20	534.97 (21/5)	404.17 (20/1)
SWITZERLAND						
Swiss BankCpn.(31/12/58)	(c)	279.8	280.9	285.5	304.2 (2/4)	279.6 (27/5)
WORLD						
Capital Intl. (1/1/70)	—	(u)	155.8	155.0	162.8 (6/1)	149.3 (17/2)

Base values of all indices are 100 except Australia All Ordinary and Metals—500; NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 industrials. § 400 industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. u unavailable.

COMMODITIES AND AGRICULTURE

Warning on French poultry

By Our Commodities Staff

BRITISH RETAILERS are warned today of the dangers of relying on French poultry supplies for the Christmas trade.

In an interview in the latest issue of Super Marketing, Mr. Peter Walker, the UK Minister of Agriculture says orders from French suppliers could be in jeopardy if the EEC decides to act against "illegal" French production aids. He refers specifically to the large turkey production unit established with the help of Government subsidies in Roscoff, Brittany, reputedly to supply the UK market.

"Retailers would be extremely foolish to place large Christmas orders for French poultry without ensuring that they would not be affected by EEC action before delivery," the Minister says.

Britain has been pressing the EEC Commission for some time to take action against the French Government over aids paid to farmers which it claims give them an unfair advantage on the British market.

"France is acting illegally in pouring money into the most dramatic attempt ever of one country going out to destroy another country's market," the Super Marketing article quotes Mr. Walker as saying.

"We just cannot have a situation in which one country injects two or three times the national aid that other countries do and still expect to trade freely across the boundaries."

Soviet grain talks set for June

BY JOHN EDWARDS, COMMODITIES EDITOR

U.S. and Soviet Union officials are to meet in London on June 8 and 9 to discuss future grain sales, Mr. John Block, U.S. Agriculture Secretary, said yesterday.

Mr. Block, in London as part of a 12-day tour of Europe, said the U.S. delegation will be led by Mr. Seeley Lodwick, U.S. under secretary for international affairs and commodity programmes.

Main topic at the talks will be the possibility of extra sales under the five-year grain agreement between the two countries, which expires in September this year. Now that the U.S. embargo has been lifted, the Russians are free to buy extra grain, in addition to the 8m tonnes a year maximum under the agreement.

The Americans have made no secret of the fact that they have plenty of grain for sale, particularly as stocks of feedgrains are higher than expected. They have already offered to sell Russia an additional 2m tonnes of wheat and 2m tonnes of maize, but the big question is whether the Soviet Union is prepared to resume buying from the U.S.

Russia has shown a definite interest in obtaining supplies from elsewhere, concluding this week its biggest ever grain deal with Canada and also negotiating to buy more from Argentina. But the U.S. is by far the world's biggest exporter of grain, particularly feedgrains which the Russians need most for its expanding livestock population.

The Soviet Union also has an urgent need to rebuild depleted grain stocks, but any decision on how much it will buy from the U.S. appears to depend largely on prospects for the current Soviet harvest, which are reasonable at present. But a speel of bad weather could quickly alter the situation.

Whether the Russians will be prepared to enter into a new long-term grain agreement with the U.S. is more questionable. There is no doubt that the Soviet Union will remain a substantial grain importer, but the U.S. embargo demonstrated that it can obtain supplies elsewhere if necessary. So the Russians would have a strong case for insisting on strong assurances that the U.S. would not attempt to introduce any fresh embargo—something the Reagan Administration might not be prepared to accept.

New French Minister backs CAP

By Our Commodities Staff

EEC FARM produce prices should be brought down to world levels, France's new Agriculture Minister said in Paris yesterday.

Edith Cresson told journalists that to achieve this it would be necessary to re-examine the system of remuneration for farmers.

She said she was determined that the principles of the Common Agricultural Policy should be upheld and strengthened. "Either we bandon the idea of constructing Europe, or we maintain the original ideals. If we want an overall common poly, then we must not destroy the only common policy which exists already—the CAP."

She said she was still not clear what had been agreed at the EEC farm price negotiations in Brussels two months ago. According to some reports she had heard the then Farm Minister M. Pierre Mehaignerie had been told that the whole question of farm prices could be reopened after the French presidential elections.

U.S. tin policy attacked

BY WONG SULONG IN KUALA LUMPUR

THE U.S. has come under strong attack by Malaysian tin miners for its position on tin. Mr Rahim Aki, president of the Malaysian Chamber of Mines, and chief executive of Malaysia Mining Corporation, the world's biggest tin company, in a strongly worded speech at the association's annual meeting here yesterday, said the U.S. sale of stockpile tin, its tough tactics at meetings of the International Tin Council and at negotiations for the sixth Tin Agreement, all appear "to lead to the inescapable conclusion that the U.S. is not interested in seeing the proper functioning of the Agreement."

"On the contrary, its action appears to undermine it," he added.

He said tin producing countries could not be expected to make further concessions to secure the sixth tin agreement, and added that if no agreement is reached, then producers should be prepared to consider other options available to achieve the objective of commodity policy, including an arrangement which excludes the U.S.

On the sale of U.S. stockpile tin, Mr Rahim pointed out when legislation was first mooted in 1976, there was justification because of a world shortage of the metal. But by the time the legislation was pushed through in December 1979, there was already a tin surplus on the market.

He said the continual U.S. sale of tin, in spite of the sharp fall in the price, and the surplus position "makes the action highly irresponsible, and casts considerable doubt on the sincerity of the U.S. in their assurances that the disposals would not adversely affect the market."

On domestic policies, Mr Rahim said while it was encouraging to see a more positive government attitude towards the industry, the authorities should come out with more incentives, including tax concessions, to attract new investments in high risk mineral exploration and development, particularly for difficult-to-mine deposits.

The Malaysian tin mining industry, the country's fourth largest export earner, is currently facing a difficulty time with falling prices and rising costs, according to Datuk Paul Leong, the minister of primary industries.

This has resulted in the gravel pump mines, which account for 56 per cent of the country's 61,400 tonnes output last year, moving from a marginal profit to a loss.

Nearly 50 marginal gravel pump mines had closed during the past year.

Datuk Leong told the annual meeting of the Malaysian Chamber of Mines that average production costs for gravel mines rose by 14 per cent from 34.44 ringgit per kilo to 34.92 ringgit per kilo from the first half to second half of 1980.

Manila coconut products plan

By Our Manila Correspondent

THE Philippines is to propose an Asia-Pacific marketing arrangement that would compel members of the Asia-Pacific Coconut Community (APCC) to give priority to imports of coconut products from member countries before oil substitutes from non-members.

Mr. Rolando de la Cuesta, administrator of the Philippine Coconut Authority, said that he expects the APCC to discuss the proposal during its meeting in June in Manila.

Meanwhile, the Philippines coconut exports reached $247.8m during the first quarter of 1981, 39 per cent up from $177.3m during the same period last year. Coconut oil comprised the bulk of the exports, valued at $178.4m.

The central bank has noted that coconut oil sales began to pick up late last year when the market was saturated with soyabean oil that led to a decline in soyabean production.

FARMERS' VIEWPOINT

Manipulating the market

I HAVE been involved, man and boy as they say, in agricultural marketing for more than half a century. During that whole period there has been a succession of reports, commissions, and enquiries into farm marketing, producing a plethora of suggested remedies, some of which have been put into effect. During all that time I have, together with my fellow farmers, made a modest living, too modest perhaps, out of this imperfect system. After all, the first reason for the establishment of an enquiry into anything is that it has been a failure.

The latest attack of reforming zeal has come from Miss Detta O'Cathain in a speech at the last Oxford Conference. There she proposed a Central Co-ordinating Committee for the food and farm sector, to include producers and the various customers. Miss O'Cathain is one of the five lively minds chosen by Mr. Peter Walker to lead British farmers into better marketing. Her proposal has been welcomed, although rather guardedly, by the various interests concerned. A good idea was the concensus, as long as it does not cost too much.

However there is a divergence of opinion between what farmers and their customers want, a difference simple but fundamental. Farmers want a consistent level of prices fixed over a long time, while buyers want their supplies at the lowest price on the market that they can achieve.

This is far from being a British problem or even an exclusively agricultural one. Producers of every basic commodity have the same interests. Farm produce is no different than say lead or tungsten, except that it is perishable. The really sensible operators are the diamond interests now followed by Opec, whose members combine to keep the market short. This has worked with diamonds, and oil as we know to our cost.

In other words a shortage whether acidental or contrived is the finest way of raising prices. There is a case here at the moment. Pigs almost invariably fall in price during the summer. This year though, the market is going from strength to strength. Partly because the bacon marekt has been disrupted by a strike in Denmark and also because of an overall shortage of meat.

From this it follows that the only sensible marketing system would include a mechanism for withholding supplies in order to push up prices, or else persuade the producers to cut their output.

But for some reason this perfectly sound proposition is denounced by almost everyone when it comes to food. You know the arguments; a doubling of the world's population every so often; farmers and the scientists who support them have a mission to produce more and more. Rather like the indigents of my youth who had no alternative but to breed more indigents. Just like them they take no thought of the morrow.

The Common Agricultural Policy had, 10 years ago, the germ of the right idea. Mr Mansholt, then Agricultural Commissioner, suggested taking 5m hectares of land out of farming. His plan was killed outright. Instead we have a Frankenstein monster of increasing surpluses which can only be disposed of with heavy subsidy, mainly to Communist countries, and almost certainly helps to ensure the survival of these regimes, and co-incidentally the bankruptcy of the Ten. Perhaps the Common Agricultural Policy is a Communist plot?

But Mr Mansholt was right in principle. His only mistake in my view was the suggestion that the land to be taken out would be in marginal areas. But the marginal farmers in Britain or elsewhere are not those responsible for the surpluses and consequent marketing difficulties. The real villains are the good farmers on good land each intent on undercutting his neighbour with more and more output.

Miss O'Cathain has a mainsized job on her hands, but from my experience, I can give her some advice. Many years ago I worked for a man who had among other enterprises a plum orchard. I was in charge of picking and selling them. The buyer of one of the great chains turned up, saw these chips of lovely fruit all ready for his lorry and offered one halfpenny, an old half penny, a pound for them. A price I was forced to take.

The next year my boss turned a herd of sows into the orchards. These being intelligent animals soon learnt to shake the trees causing the ripe fruit to fall. He did not pick until he had a customer. Then he shut up the sows and started picking. Once he began this policy his orchard flourished. There is nothing to beat an alternative customer, even if it is only a pig.

John Cherrington

London metals up

BY OUR COMMODITIES EDITOR

COPPER led a general rise in London metal prices yesterday. Cash wirebars gained £16 to close at £847 a tonne, encouraged by hopes of a downturn in U.S. interest rates.

The uptrend was encouraged by news that U.S. producers had raised their domestic copper selling prices by 2 cents to 85 cents a lb and Wednesday's declaration of *force majeure* by Codelco, the Chile state-owned copper corporation as a result of the continuing strike at the El Teniente mine. Higher gold and a weaker dollar against sterling also helped push prices up.

Zinc prices were sharply higher too. Cash zinc jumped by £14.75 to £411 a tonne following reports of possible strike at Cominco's Pin Point mine in Canada, which supplies a large prportion of the concentrates for the company's smelters.

Workers at Pine Point are said to be working without a new labour contract at present.

Lead followed the trend in copper and zinc. It was noted that a labour contract covering Amax workers in the U.S. is due to expire on May 31.

Our Santiago Correspondent writes: According to Chilean labour law strikes may not last more than 60 days, after which period workers must either accept management's final offr or else face dismissal.

Last week six of the eight trade unions at the mine failed to approve a slightly revised contract offer. Codelco officials have since indicated they would not alter their position.

Only 30 of hte more than 10,000 striking mine workers at El Teniente have returned to their jobs, in accordance with a provision of hte labour code which allows strikers to bargain individually after 30 days' stoppage.

El Teniente officials have calculated the strike's cost to Codelco at over $9m.

Australian wool forecast raised

SYDNEY — The Australian Wool Production Forecasting committee said it raised its estimate of Australian 1980-81 wool output to 686.4m kilos greasy from its December estimate of 682.9m. This is still about 4 per cent below the 1979-80 clip of 713.4m kilos.

Shorn wool output in the current season is now put at 619.7m kilos against the previous estimate of 616.2m and 642.4m in 1979-80.

The committee said likely production of dead and fell-mongered wool exported on skins is 66.7m tonnes, unchanged from the previous forecast and compared with last season's 71.0m.

It gave a preliminary forecast for 1981-82 of 675m tonnes, comprising 608m of shorn wool and 67m of dead and fell-mongered wool.

Reuter

Producers set pepper export price

NEW DELHI — India, Indonesia and Malaysia, the world's largest pepper producers, have agreed to fix a minimum export price for the commodity in a bid to halt its fall in international markets.

T. Tharanath Shet, chairman of India's Spices Exports Promotion Council, said the three countries had agreed not to export pepper at below 62 cents per pound, 60 cents and 58 cents respectively.

The prices were decided at last week's meeting of the International Pepper Community (IPC) in the southern Indian city of Mysore.

Low pepper prices in world markets were hurting the interests of pepper growers the IPC said last week.

Reuter

BRITISH COMMODITY MARKETS

BASE METALS

BASE METAL PRICES rose sharply on the London Metal Exchange. COPPER touched a day's high of £874 prior to closing the late Kerb at £872.5 as heavy buying followed the Codelco force majeure, the strength of the New York market, a decline in sterling and the firmness of gold. LEAD and ZINC gained ground to close at £345 and £425 respectively on the possibility of a strike at Cominco's Pine Point operation. Currency considerations left TIN higher at £6,250, but ALUMINIUM and NICKEL were quiet and ended the day at £641 and £3,042.5.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £843.5, 43, three months £864, 64.5, 65, 65.5, 66, 66.5. Cathodes, cash £837, three months £856. Kerb: Wirebars, three months £866, 66.5, 67, 67.5, 68. Afternoon Wirebars, three months £871, 71.5, 72, 71, 70.5, 70, 70.5, 71, 71.5. Kerb: Standard, three months £872, 73, 73.5, 74, 73, 72.5, 73. Turnover: 21,000 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	843-.5	+15.5	846.5-7.5	+16
3 months	866-5.7	+16.2	871-.5	+16
Settlem't	843.5	+15.5	—	......
Cathodes				
Cash	836.5-7	+15	842-3	+17.5
3 months	856-.5	+15.5	861-2	+16.7
Settlem't	837	+15	—	......
U.S. Prod	—		*80.5-8	......

Morning: Standard, cash £6,150, three months £6,235, 40, 50, 60, 65, 70. Kerb: Standard, three months £6,260, 65. Afternoon: Standard, cash £6,135, three months £6,260. Kerb: Standard, three months £6,260. Turnover: 680 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	337-.25	+8.37	335-6	+6.5
3 months	346.25-.75	+10	344.75-5	+6.25
S'ment	337.25	+8.25	—	......
U.S. Spot	—	......	*58	......

Morning: Cash £337.5, 37.25, three months £344, 45, 46, 47, 46, 46.5, 47, 46.5. Kerb: Three months £346. Afternoon: Three months £347, 46, 45, 44, 44.5. Kerb: Three months £344.5, 45. Turnover: 14,125 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	408.5-9	+17.7	410.5-1.5	+14.7
3 months	416-7	+16	420-1	+14.7
S'ment	409	+17.5	—	......
Primw'ts	—	......	*46.12	......

Morning: Cash £408.5, three months £419, 20, 19, 18, 17, 18, 19, 18, 17, 18, 17.5, 17, 17.5, 18, 17.5, 17. Kerb: Three months £417, 18, 19, 20. Afternoon: Three months £421, 20, 20.5, 20, 19.5, 19, 20, 20.5, 21. Kerb: Three months £420, 21, 20.5, 21, 20, 21, 22, 23, 24, 25. Turnover: 16,725 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Spot	619.5-20	+2.25	620.5-1.5	+2
3 months	639-40	+2.25	640-1	+2.25

Morning: Three months £640, 41, 41.5, 40.5, 40, 40.5, 40, 39. Kerb: Three months £640. Afternoon: Three months £639, 40, 41, 43, 42, 41. Kerb: Three months £641. Turnover: 5,900 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
Spot	2990-3000	+7.5	2985-95	......
3 months	3045-50	......	3040-5	......

Morning: Three months £3,055. Afternoon: Late July 3,042, three months £3,045. Turnover: 228 tonnes.

Morning: Cash £2,975, 85, three months £3,045, 40, 35, 45. Kerb: Three

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6145-55	+68	6129-35	+37
3 months	6265-70	+60	6240-55	+20
Settlem't	6155	+68	—	......
Standard				
Cash	6145-55	+60	6129-35	+37
3 months	6265-70	+50	6240-55	+20
Settlem't	6155	+50	—	......
Straits E.	$29.13	-0.05		......
New York	—	......		

SILVER

Silver was fixed 15.95p an ounce higher for spot delivery in the London bullion market yesterday, at 512.55p. U.S. equivalents of the fixing levels were: spot $10.5810, up 32.1c three-month $11.0350, up 32c, six-month $11.4750, up 31.6c; and 12-month $12.3850, up 36.1c. The metal opened at 503-510p ($10.40-10.55) and closed at 512-522p ($10.65-10.80).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	512.55p	+15.9	521.0p	+21.5
3 months	527.35p	+15.5	536.5p	+21.7
6 months	544.05p	+15.6	—	......
12 months	580.20p	+17.8	—	......

LME—Turnover 48 (55) lots of 10,000 ozs. Morning: three months 529, 29.5, 28.5, 29. Kerbs: three months 529.5. Afternoon: three months 534.5, 34, 33.5, 34, 35, 36, 36.5. Kerbs: three months 536.5, 36, 34.5.

COCOA

Futures opened £5 higher as due and remained steady throughout a quiet day as light commission house shortcovering and dealer support caused prices to close with gains of £15. Actuals business was quiet with most Continental buyers on holiday while producers remained above current levels, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
May	853-855	+16.0	854-846
July	872-873	+15.0	873-864
Sept.	893-895	+14.5	894-885
Dec.	926-927	+14.0	927-918
March	956-957	+13.0	957-949
May	973-975	+12.0	975-970
July	990-994	+13.5	992-990

Sales: 1,658 (3,331) lots of 10 tonnes.

ICCO Futures—Daily price for May 27: 81.26 (82.86); five-day average 84.29 (85.33).

COFFEE

In line with expectations Robustas gained £5-8 during a quiet opening call, reports Drexel Burnham Lambert. Dealer profit taking prevented further advance and values eased back to unchanged in thin conditions. A rally in New York futures encouraged a steadier afternoon session, before retreating, under pressure, from the highs on Commission House selling.

COFFEE	Yesterday's Close £ per tonne	+ or —	Business Done
May	970-75	-4.5	981-74
July	985-87	-5.5	1000-84
Sept.	993-94	-4.0	1006-92
Nov	983-90	-6.0	999-83
Jan	977-80	-13.0	996-75
March	971-79	-12.5	—
May	970-80	-12.5	985

Sales: 2,780 (2,758) lots of 5 tonnes.

ICO Indicator prices for May 27: (U.S. cents per pound): Comp. Daily ICA 1978 115.25 (113.67): 20-day average 117.91 (118.26).

WOOL FUTURES

BRADFORD—Sufficient business is coming through to prevent excessive price cutting. Some seasonal shortages have appeared: Export and home trade customers seem to have run their stocks down sufficiently to keep up a fairly steady flow of low-priced offers.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kilo. May 367, 368, 363; Aug 374, 376, 374; Oct 379, 383, 379-378; Dec 380, 384, 381-380; Jan 380, 384, 381; March 385, 389, 386; May 395, 398, nil; Aug 407, 406, 407-406; Oct 409, 410, 409-408. Sales: 76.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kilo. July 488.0, 489.0, 493.0-498.0; Oct 488.0, 489.0, 491.0-488.0; Dec 494.0, 495.0, 497.0-493.0; March 501.0, 502.0, 504.0-502.5; May 505.5, 507.0, 509.0-507.0; July 514.0, 516.0, 514.0-515.0; Oct 514.0, 516.0, nil. Sales: 284.

GAS OIL FUTURES

The market opened weaker and traded in a narrow range all morning before rallying sharply on stronger European currencies and metal markets, lower U.S. interest rates and further Middle East tension, reports Premier Man.

Month	Yesterdys close	+ or —	Business Done
	$ U.S. per tonne		
June	274.50	+2.50	274.50-79.50
July	275.50	+2.00	277.00-71.50
August	279.00	+1.00	279.50-76.50
September	283.75	-0.75	283.75-81.50
October	288.75	-0.75	288.75-85.75
November	293.75	+0.50	294.25-81.50
December	298.75	+1.00	299.75-96.50
January	304.00	+0.50	305.00-03.00
February	309.00	+0.25	—

Turnover: 1,070 (1,036) lots of 100 tonnes.

GRAINS

Old crop wheat opened unchanged and, in fairly quiet trading, closed 65p up on commercial buying concentrated in the morning session. New crop wheat opened 5p higher, new crop barley unchanged. On some short covering values closed 25-40p higher on the day, Acli reports.

WHEAT Mnth	Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
July	115.60	-0.55	—	—
Sep	101.50	-0.40	95.45	+0.35
Nov	105.10	-0.40	99.20	+0.55
Jan	109.00	-0.35	102.70	+0.50
Mar	112.55	-0.35	106.00	+0.55

Business done—Wheat: July 115.60-115.20, Sept 101.50-101.25, Nov 105.00-104.75, Jan 108.95-108.80, March 112.35, one trade. Sales: 65 lots of 100 tonnes. Barley: Sept. 95.50-95.30, Nov. 99.20-98.90, Jan 102.70-102.60, March 105.90-105.80. Sales: 52 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2 14 per cent June 106.50, July 106, Aug 106.50 transhipment East Coast. U.S. Hard Winter 13½ per cent June 106.75, July 105.50, Aug 105.75 transhipment East Coast. English Feed fob Sept 105 quoted. Maize: S African Yellow June/July 90. Barley: English Feed fob Oct/Dec 103.25 quoted. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S. East 102.70, W. Mids. 100.00, N West 102.10. The UK Monetary Coefficient for the week beginning Monday, June 1, will remain unchanged.

RUBBER

The London physical market opened about unchanged, with little interest throughout the day, closing steady. Lewis and Peat reported a fob June price for No. 1 RSS in Kuala Lumpur of 277.5 (278.0) cents a kg and SMR 20 243.0 (246.0).

No 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
July	60.80-61.50	60.60-60.80	—
August	62.10-62.50	61.70-61.90	—
Jly-Sept	62.10-62.50	61.60-61.90	61.60
Oct-Dec	65.90-65.70	64.90-65.00	65.80-64.60
Jan-Mar	68.50-68.60	67.50-68.00	68.70-67.90
Apl-Jne	71.40-71.60	70.80-71.00	70.90
Jly-Sept	74.40-74.50	73.80-73.90	—
Oct-Dec	77.40-77.50	76.50-76.60	77.10
Jan-Mar	80.30-80.40	79.50-79.50	80.40

Sales: 171 (426) lots of 15 tonnes, nil (4) at 5 tonnes. Physical closing prices (buyers) were: Spot 59.50p (59.00p): July 61.75p (61.50p): Aug. 62.25p (same).

SOYABEAN MEAL

The market opened slightly better on renewed commission house buying, reports T. G. Roddick. Prices continued to show strength with general lack of selling closing on the highs with gains of up to £2.00.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	150.30-50.5	+1.85	150.80-29.50
August	151.70-51.8	+2.05	151.90-29.30
October	155.50-55.9	+1.95	155.60-52.50
December	155.50-55.8	+1.80	155.60-54.00
February	157.20-57.4	+1.45	157.80-56.80
April	157.50-59.0	+1.00	—
June	158.00-42.0	+1.50	—

Sales: 98 (54) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £200.00 (same) a tonne cif May-June-July shipments. White sugar daily price £216.00 (£214.00).

Opening trades were slightly below overnight levels but prices soon recovered. Later there were gains of £3.00 before profit-taking developed and quotations eased again, reports C. Czarnikow.

No. 4 Con-tract	Yest'rdy's Close	Previous Close	Business Done
	£ per tonne		
Aug.	189.60-99.95	199.95-200.0	205.00-187.5
Oct.	201.90-01.25	200.30-00.50	205.50-198.2
Jan.	201.00-01.25	208.10-00.50	205.00-199.5
March	202.75-03.25	201.75-01.90	205.50-198.8
May	205.50-04.20	202.05-02.20	207.00-00.25
Aug	204.90-05.20	202.50-03.00	—
Oct.	204.80-05.75	203.00-03.90	—

Sales: 6,969 (10,558) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £342.5 (same) a tonne for home trade and £296.5 (£295.5) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for May 27: Daily price 16.63 (16.39): 15-day average 14.88 (15.91).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 41 tonnes, bringing the total for the week so far to 592 tonnes. Only desultory trading continued in the market, after the extensive buying earlier in the week. U.S. buyers were not prepared to add to their commitments, despite some interest in African and South American supplies.

POTATOES

LONDON POTATO FUTURES—Long liquidation brought prices lower in generally quiet trade, with November attracting most of the volume, reports Coley and Harper. Closing prices: Nov. 58.40, -0.6 (high 58.80, low 58.00): Feb. 67.40, +0.5 (high 67.70, low 67.40); April 74.40, -0.4 (high 74.60, low 74.40). Turnover: 93 (40) lots of 40 tonnes.

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GRIMSBY FISH—Supply good, demand fair. Prices at ship's side (unprocessed) per stone: Shelf cod £2.50-£3.50, codlings £1.40-£2.60; large haddock £3.70-£4.40, medium £3.20-£4.20, small £1.60-£3.00; large plaice £5.50-£5.70, medium £3.50-£5.00, best small £3.00-£4.50; medium skinned dogfish £3.00-£5.50; large lemon soles £8.50, medium £7.50; saithe £1.60-£2.00.

MEAT/VEGETABLES

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where otherwise stated. Imported Produce: Oranges—Outspan: Navels 48 4.80, 56 4.80, 72 4.40, 88 3.50, 112 3.20, 138 3.00; Californian: 88/138 3.60-4.80; Jaffa: Valencia Lates 56/189 4.30-5.00; Cypriot: Valencia Lates 80/120 3.00-3.60; Moroccan: Lates 56/113 3.30-5.00. Lemons—Spania: Trays 25/50 2.00-2.20, Boxes 80/100 5.20; Californian: 115/140 5.50; Italian: 100/120 4.50-4.80; Outspan: 80/100 5.00; Jaffa: Cartons 60/90 4.20-5.00. Grapefruit—Outspan: 40 3.85, 48 3.90, 56 3.70, 64 3.55; Cyprus: 20-kg 40/64 5.50; Jaffa: 20-kg 36/75 3.85-4.75. Apples—S. African: Granny Smith 6.80-7.50, Golden Delicious 7.40-8.00, Sterking 7.20-8.00; Chilean: Granny Smith 6.80-7.20; W. Australian: Granny Smith 8.00; U.S.: Red Delicious 9.50-10.50; French: Golden Delicious 40-lb 125/175 3.80-4.50; Italian: 40-lb Romes 60/70 4.40-4.60; New Zealand: Sturmer Pippins 8.00-8.50, Golden Delicious 6.00-6.40, Kidd's Orange 7.50, Red Delicious 7.50-8.50; Tasmanian: Jonathans 6.50, Golden Delicious 7.00, Granny Smith 7.00, Sturmer Pippins 8.00-8.20. Pears—Belgian: Conference per pound 0.10-0.12; Italian: Passacrassana 0.12-0.14; S. African: Packhams 6.00-6.80, Beurre Bosc 5.00, Nelis 5.50; Tasmanian: Packhams 40-lb 6.60-7.20; New Zealand: Packhams 7.00; Victorian: Packhams 7.60-8.00. Nectarines—Spanish: 37/42 3.50-4.50. Plums—Spanish: Beauty 4/7 per pound 0.40-0.60. Apricots—Spanish: 11-lb 2.00-3.50. Cherries—U.S.: 18-lb, per pound 0.90; French: 11-lb, per pound 0.45-0.50; Turkish: 0.60. Grapes—S. African: 9-lb Barlinka 5.50; Chilean: Almeria 11-lb 7.00, Red Emperor 5.00. Melons—Israeli: Carmel Yellow 6/10 6.80; Chilean: 15-lb 8/12 8.00, white 8/12 5.00; Spanish: 10-kg Yellow 6.00, Coupers 4.50. Water-Melons—Spanish: 4.50-5.00. Strawberries—U.S.: 12 oz 1.00; Italian: 8 oz 0.35; Spanish: 8 oz 0.35. Peaches—Spanish: Yellow 42/54 3.50-5.00, white 4.20. Pineapples—Ivory Coast: East 0.40-1.00; S. African: Shellord 5/9 2.80-3.20. Bananas—Colombian: Per pound 0.17-0.18. Avocados—Florida: 20/24 6.00; S. African: 14/16 4.00. Tomatoes—Dutch: 13-lb 3.80; French: 12-lb 3.40. Onions—Dutch: 6.80; Chilean: 7.50; Canary: 25-kg 7.50-8.00; Tasmanian: 44-lb 8.50; Israeli: Carmel 7.00-7.50; Spanish: Babosa 4/5 7.00; Texas: 50-lb 8.50. Potatoes—Jersey: New potatoes, per pound 0.16; Cypriot: 44-lb bags 3.30; Brittany: Dukes 55-lb 8.20; Canary: 25-kg 8.00, Spanish: Valencia 44-lb 2.80, Majorcan: 44-lb 4.50; Italian: 55-lb 4.50. Capsicums—Canary: 5-kg green 3.00, red 10.00. Chicory—Belgian: Per box 5.00. Celery—U.S.: 24 jumbo pack 9.50. Fennel—Italian: 20-lb 6.00. Aubergines—Dutch: 5-lb 6.00. Carrots—Texas: 48 x 1-lb pre-pack 0.18-0.19; Dutch: new 22-lb 4.50: Cypriot: 22-lb 3.30, Italian: 20-lb 3.00; French: Nantes 26-lb 4.60. Beetroots—Cypriot: New 28-lb 3.60.

English Produce: Potatoes—Per bag 2.50-3.40. Mushrooms—Per pound 0.50-0.60. Apples—Per pound Bramleys 0.08-0.15. Cauliflowers—Per 12, Kent 4.00-5.00. Cabbages—Per bag 3.20, Spring 22-lb 1.60-1.80. Beetroots—Per bag 1.80-2.00. Lettuce—Per 12, round 1.20-1.40, Cos 10/12 2.00-2.50. Tomatoes—Per 12-lb 4.00, E 3.80. Carrots—Per 28-lb 3.20-3.50. Radishes Per pack of 12 x 8 oz 1.50, bunches of 15 1.20. Onions—Per trays x 20 bunches, Spring 1.50. Celery—Per 15/24 5.50. Cucumbers—Per 10/20 1.60-2.20.

MEAT COMMISSION—Average fatstock prices at representative markets on May 28. GB—Cattle, 96.45p per kg lw (+2.41). UK—Sheep, 200.07p per kg est dcw (+10.21). GB—Pigs, 75.58p per kg lw (+2.02).

SMITHFIELD—Pence per pound. Beef: Scottish killed sides 76.0 to 80.0; Ulster hindquarters 90.0 to 96.0, Forequarters 54.0 to 58.0; Eire Hindquarters 90.0 to 94.0, Forequarters 54.0 to 57.0. Veal: Dutch Hinds and Ends 130.0 to 132.0. Lamb: English Small 87.0 to 94.0, Medium 86.0 to 90.0, Imported Frozen, New Zealand PL 71.0 to 72.0, PM 69.0 to 70.0. Pork: English, under 100 lbs 46.0 to 52.0, 100-120 lbs 44.0 to 50.0, 120-160 lbs 43.0 to 49.0.

PRICE CHANGES

In tonnes unless otherwise stated.

	May 28 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	......	£810/815
Free Mkt	$1270/1300	......	$1295/325
Copper			
Cash w'bar	£847	+16	£828
3 mths	£871.25	+16	£849.75
Cash Cathode	£842.5	+17.5	£832
3 mths	£861.5	+16.75	£858.75
Gold troy oz	$478.5	+11.5	$482
Lead Cash	£335.5	+6.5	£342.5
3 mths	£344.875	+6.25	£349.5
Nickel	£3,504.50	......	£3,379.50
Freemkt	285/300c	-7.5	290/306c
Platin'mtr'y oz	£230.0	......	£213.5
Freemkt	£222.30	+6.95	£216.00
Quicksilvert	$430/435	+7.5	$420/430
Silver troy oz	512.55p	+15.95	516.65p
3 mths	527.35p	+15.65	531.25p
Tin Cash	£6,132	+37	£5,925
3 mths	£6247.5	+20	£6,017.5
Tungsten 22.04lb	$143.75	......	$147.54
Wolfrm 22.04 lbs	$144/149	+2	$142/145
Zinc Cash	£411	+14.75	£398.5
3 mths	£420.5	+14.75	£406.5
Producers	$925	......	$875
Oils			
Coconut (Phil)	$570x	+2.5	$580
Groundnut	‡	......	
Linseed Crude	£442x	......	£424
Palm Malayan	$622.5y	......	$585
Seeds			
Copra Philip	$390r	......	$385
Soyabean (U.S.)	$310v	......	$316.5
Grains			
Barley Fut. Sep	£95.45	+0.25	£95.55
Maize	‡	‡	£127
Wheat Fut. Sept	£101.50	+0.4	£102.10
No2 Hard Wint	£106.75z	+0.5	£108.90
Other commodities			
Cocoa ship't*	£958	+15	£1,042
Future July	£872.5	+15	£946.5
Coffee Ft' July	£986	-5.5	£1065.5
Cotton A.Index	87.45c	......	89.00c
Gas oil July	$275.5	+2	$277.75
Rubber (kilo)	59.5p	+0.5	55.25p
Sugar (Raw)	£200wy	......	£173
Woolt'ps 64s kl.	340p kilo	+2	330p kilo

‡ Unquoted. u May-June. v June-July. w July-Aug. x June. y July. z Aug. † Per 76-lb flask. * Ghana cocoa.

AMERICAN MARKETS

NEW YORK, May 28.

PRECIOUS METALS and copper rallied sharply on a decline in interest rates. The livestock complex advanced moderately on lighter than expected receipts and a good product market. Cotton was moderately higher on improved mill demand. Sugar was slightly lower on profit-taking and denials of Indian buying inquiries, reported by Heinold.

Copper—June 79.90 (79.15), July 81.10-81.45 (80.55), Aug 82.55, Sept 83.80-84.00, Dec 87.50-87.80, Jan. 88.60, March 91.00, May 93.00, July 95.20, Sept 97.40, Dec 100.70, Jan 101.80, March 104.00.

*Gold—June 480.5-483.0 (469.7), July 487.8 (476.6), Aug 493.0-495.0, Oct 507.5-508.0, Dec 520.5-522.5, Feb 534.1, April 547.5, June 560.9, Aug 574.3, Oct 587.7, Dec 601.1, Feb 614.7, April 628.3.

*Platinum—June nil (445.7), July 469.0-473.7 (453.7), Oct 491.0.

Potatoes (round whites)—Nov 77.6-78.3 (76.5), Feb 83.5-85.0 (82.5), March 91.0-91.5, April 102.0. Sales: 868.

¶Silver—June 1074.5 (1045.3), July 1087.0-1093.0 (1062.3), Aug 1106.7, Sept 1118.0-1127.0, Dec 1170.0-1180.0, Jan 1185.7, March 1216.7, May 1247.7, July 1278.7, Sept 1309.7, Dec 1356.2, Jan 1371.7, March 1402.7. Handy and Harman bullion spot 1072.00 (1034.00).

Sugar—No. 11: July 16.60-16.70 (16.84), Sept 16.85-16.95 (16.99), Oct 17.10-17.15, Jan 17.05-17.35, March 17.35, May 17.50, July 17.60-17.65, Sept 17.65-17.70, Oct 17.65-17.70.

Tin—591.00-596.00 (587.00-591.00).

CHICAGO, May 28.

Lard—Chicago loose 19.00 (18.75).

Live Cattle—June 67.90-68.00 (66.15), Aug 67.00-66.95 (66.62), Oct 64.95-64.90, Dec 66.47-66.50, Feb 67.57, April 68.70, June 69.80.

Live Hogs—June 51.65-51.85 (51.57), July 55.95-55.80 (55.40), Aug 55.90-56.10, Oct 54.40-54.35, Dec 56.15-56.05, Feb 57.65-57.80, April 55.80, June 56.25, July 58.20.

‡‡Maize—July 348¼-348½ (347½), Sept 355¾-355½ (355½), Dec 360¼-360, March 372-371¾, May 378½-378, July 382½.

Pork Bellies—July 54.50-54.30 (53.85), Aug 54.30-54.45 (53.50), Feb 69.40-69.50, March 69.95, May 71.15, July 72.40, Aug 72.05.

†Soyabeans—July 765½-764 (762½), Aug 769-769½ (766¼), Sept 768-768½, Nov 776-777, Jan 794½-795, March 815, May 830, July 841½.

‖Soyabean Meal—July 219.3-219.5 (217.7), Aug 20.7-20.9 (218.7), Sept 222.0-222.2, Oct 223.2-223.4, Dec 227.5-227.2, Jan 230.5, March 37.0, May 239.0-240.0.

Soyabean Oil — July 23.55-23.51 (23.57), Aug 23.92 (23.96), Sept 24.25-24.30, Oct 24.60, Dec 25.25, Jan 25.50, March 25.90-26.00, May 26.35-26.45, July 26.75-26.80.

†Wheat—July 410½-411 (412), Sept 428-428½ (430½), Dec 454-455, March 476½-476, May 486, July 489.

WINNIPEG, May 28.

§Barley—May 146.50 (147.00), July 147.90 (148.70), Oct 148.00, Dec 146.60, March 148.60.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 259.09 (258.94).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

NEW YORK, May 27.

††Cocoa—July 1657 (1642), Sept 1742 (1722), Dec 1837, March 1929, May 1984, July 2034, Sept 2084.

Coffee—"C" Contract: July 119.00 (114.82), Sept 117.85-118.00 (115.34), Dec 116.55-116.80, March 116.25, May 116.50-117.00, July 115.50, Sept 115.00-115.50. Sales: 1,470.

Cotton—No. 2: July 84.25-84.40 (84.72), Aug 84.00-84.60 (84.20), Oct 81.50, Dec 79.25-79.35, March 80.81, May 82.10-82.20, July 83.30-83.40, Oct 83.11-83.42.

Heating Oil (cents per U.S. gallon)—June 0.9190 (0.9273), July 0.9151 (0.9280), Aug 0.9191, Sept 0.9342, Oct 0.9545, Nov 0.9730, Dec 0.9830, Jan 1.0125, Feb 1.0300, March 1.0475, April 1.0800, May 1.0825, June nil, July 1.0600, Aug 1.0675. Sales: 4,034.

Orange Juice—July 140.30-140.40 (135.80), Sept 143.75-143.90 (140.05), Nov 144.25, Jan 145.60, March 146.50, May 147.60-147.75, July 148.60-148.75, Sept 149.60-149.75. Sales: 1,500.

CHICAGO, May 27.

Chicago Imm Gold—June 470.5-471.0 (465.9), July 477.0 (472.3), Sept 489.5-489.0, Oct 496.2, Dec 510.0-511.0, Jan 516.2, March 529.6, April 536.3, June 549.8.

INDICES

FINANCIAL TIMES

May 27	May 26	Month ago	Year ago
253.96	251.62	257.89	268.69

(Base: July 1, 1952=100).

MOODY'S

May 27	May 26	Month ago	Year ago
1087.6	1081.8	1101.6	1121.7

(December 31, 1931=100)

DOW JONES

Dow Jones	May 27	May 26	Month ago	Year ago
Spot	395.25	392.31	397.12	428.00
Fut'rs	400.71	396.39	413.73	450.20

(Average 1924-25-26=100).

REUTERS

May 28	May 27	M'nth ago	Year ago
1715.1	1707.7	1682.0	1704.2

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Advance in Gilts continues but equities fail to hold early gains—Index up only 0.2 at 545.6, after 549.5

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
May 18	May 28	May 29	June 8
June 1	June 11	June 12	June 22
June 15	June 25	June 26	July 6

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets once again failed to hold up after making a promising start yesterday. Gilt-edged made most of the running, a further advance in the sector being assisted by the ½ per cent cuts in U.S. prime rates which became known in the late afternoon.

Overnight firmness on Wall Street encouraged a firm opening in London equities and helped to generate a little early demand. But the noon announcement of dismal annual figures from Courtaulds, although not a major factor on market sentiment, tended to stifle any further interest. The resulting absence of follow-through support prompted a downward drift in leading shares which left quotations only a shade better on balance. Reflecting the turnround, the FT 30-share index, 4.1 higher at the best of the day at noon, closed a mere 0.2 up at 545.6.

Elsewhere, trading conditions appeared to be a little livelier with a long list of company trading statements generating a considerable amount of interest. Bid speculation was again evident, while special situation stocks recorded some noteworthy improvements. Few sectors caught the eye, but Oils tended to rally after Tuesday's reaction prompted by the OPEC oil price freeze.

Gilt-edged securities enjoyed another firm trading session. Although business was mainly routine, conditions were more lively than of late with sentiment boosted in the late afternoon by reduced U.S. interest rates. Earlier gains of ⅜ in mediums and longs were extended in the after-hours' trade to ½ with the trend continuing in very late dealings on talk that the Civil Service dispute may soon be settled. The Government Securities index recorded a gain of 0.28 at 67.25 for an uninterrupted improvement of 0.75 over the last three trading days.

The introduction of put Traded options proved to be a success with 455 puts arranged out of a grand total of 1,577. Calls traded amounted to 1,122. BP, Lonrho, and Racal attracted 102, 228 and 125 puts respectively, while Courtaulds recorded 354 calls on the annual results.

Stenhouse better

Lloyds brokers, unsettled recently by Parliament's ruling that they should sell their underwriting management companies, took a firmer line yesterday as buyers reappeared. Stenhouse were particularly favoured and closed 6 better at 96p, while C. E. Heath added 5 at 247p and Minet hardened the turn to 120p. In Composites, GRE were quoted ex the £78.6m rights issue at 276p, down 11, while the new nil-paid shares opened at 32p premium and closed at 25½p premium. Phoenix softened 2 more to 244p on further consideration of the disappointing first-quarter profits.

Continuing to reflect the recent spate of rights issues, Hill Samuel encountered renewed support and rose 7 to a 1981 peak of 151p. Elsewhere in merchant banks, Hambros met end-Account profit-taking and lost 20 to 790p.

A batch of company trading statements enlivened an otherwise lacklustre session in the drinks sector. Greenall Whitley announced first-half results in line with market estimates, but the chairman's cautious comments on current trading left the shares a couple of pence easier at 142p. In contrast, South London Brewers Youngs were buoyed by the property revaluation that accompanied the preliminary results and the "A" rose 9 to 226p, after 228p, while the non-voting jumped 16 to 183p, after 185p. Whitbread remained firm, touching 184p before settling for a net gain of 2 at 182p. Wines and Spirits also trended higher, but Tomatin came on offer at 83p, down 4.

Buildings displayed several contrasting features. George Wimpey jumped 10 to 119p on talk of a property revaluation, but UBM dropped 7 to 61p on the sharply lower preliminary profits and dividend cut. Tunnel "B" shed 4 to 436p as hopes of a counter to T. W. Ward's offer faded, while G. H. Downing, in receipt of a 200p per share offer from Hanson Trust, touched 216p before reverting to the overnight level of 212p. Renewed speculative interest prompted gains of 6 in W. and J. Glossop, 56p, and George M. Callender, 66p, while Helical Bar improved a penny to 30p following the annual results. Dealings in Bellway resumed at 90p with a close of 89p compared with the suspension price of 88p following the share exchange offer from William Leech, steady at 88p.

International Paint gained 10 to 122p in response to the better-than-expected annual results. ICI, 290p, and Fisons, 157p, were barely tested and showed little change.

Polly Peck wanted

Stores attracted a better business than of late and most issues closed around the day's best. Mothercare firmed 4 to 240p, while Gussies "A" added a couple of pence to 468p. Elsewhere, renewed interest was shown for Polly Peck, 13 up at 258p; Cornell Dresses added 8 to 140p in sympathy. Ellis and Goldstein, 26p, and Allebone, 31½p, both put on 1½, while Currys added 5 more to 438p. Martin Ford met profit-taking and eased 3½ at 24½p. John Menzies continued to attract demand in a restricted market, rising 10 more to 485p. Shoes were featured by Allied Leather Industries which advanced 17 to 200p following the full-year figures.

Normand became an isolated dull feature in Electricals, falling 5 to 29p on the annual profits slump and final dividend omission. Bowthorpe hardened 2 to 172p following the chairman's AGM statement and BSR also improved 2, to 56p, for a similar reason. Reflecting strength in its U.S. parent, Perkin Elmer 4 per cent loan jumped 20 points to £218, while Motorola added 2½ to £41⅞. LRA Rem, dealt in under special rule, rose 10 to 92p and Electrocomponents closed 5 higher at 770p. The leaders trended narrowly mixed with BICC a penny better at 237p following the AGM. Plessey firmed 2 more to 299p, after 301p, but GEC shaded 2 to 680p.

Quietly firm conditions prevailed in Engineerings. Banro Consolidated, 72p, Clayton Son, 86p, and United Engineering, 202p, all appreciated 4, while Habit Precision found support at 20p, up 2½. Westland added 2 to 140p but F. Pratt contrasted with a fall of 5 to 80p. Northern Engineering were quoted ex the rights issue at 78p with the new nil-paid shares closing at 8½p premium, after 7½p.

British Sugar touched 338p before closing 2 up at 335p, equalling the increased cash bid from S. and W. Berisford, unchanged at 132p. Comment on the interim results encouraged demand for Tate and Lyle which improved 4 to 186p, but Tesco, still plagued by rights issue rumours, shed a penny more to 60p. Argyll Foods were supported and rose 7 to 112p, while a late speculative flurry lifted Barker and Dobson 1½ to 7½p.

Extel pleases

Of the numerous features recorded among secondary miscellaneous industrials, Extel stood out with a jump of 24 to a 1981 peak of 212p following the strong second-half profits recovery. Press comment highlighting bid possibilities helped Cawoods, which hold a 9.1 per cent stake in LASMO, and the close was 8 higher at 218p, after 220p. Awaiting further developments in the bid situation, Polymark advanced 12 to 137p, while revived speculative demand in a thin market left Beatson Clark up 8 at 178p. E. Fogarty also met support of a similar nature which left the Ordinary 6½ higher at 94p and the Deferred 7 up at 93p. William Press hardened 2 to 66p following the results and Bath and Portland put on 2 to 49p in response to Press comment. Whatman Reeve Angel added 9 to 137p in front of today's AGM. A. Arenson revived with a rise of 5 to 41p, while similar gains were seen in Johnson Matthey, 270p, E. J. Riley, 75½p, and Smiths Industries, 382p. British Syphon, however, fell 6 to 49p on the poor preliminary results and Findlay Hardware dipped 3 to 21p, also on disappointing trading news. Comment on the lower earnings prompted a fall of 5¼ to 102½p in Spring Grove, while Amalgamated Metal came on offer at 263p, down 7. The leaders failed to hold their best levels and closed narrowly mixed. Turner and Newall ended only a fraction harder at 95p, after 98p, while Reckitt and Colman put on 4 to 254p. Metal Box cheapened 2 to 194p ahead of Monday's annual figures.

Up 20 on Wednesday on speculative demand, Samuelson Film Service, a thin market, touched 315p before profit-taking left the close 30 down on balance at 270p.

Among Paper/Printings, Chapman (Balham) firmed 5 to 198p following the annual results, but the full-year loss clipped a couple of pence from Brunning, 65p.

Leading Properties turned in a lack-lustre performance and closed with modest losses. Elsewhere, Carlton Real Estates, a rising market of late on bid hopes, shed 1½ to 28½p, but Federated Land attracted revived speculative buying and improved 5 to 119p. Property and Reversionary hardened a couple of pence to 180p in response to the increased annual profits and dividend.

Oils improve

Depressed on Wednesday by OPEC's decision to freeze prices, Oils staged a useful rally on Wall Street influences before drifting off to end below the best. British Petroleum touched 388p before closing just 4 dearer at 384p. Lasmo, at 580p, regained 12 of the previous day's drop of 27, while Ultramar hardened 3 to 443p. Elsewhere, Berkeley Exploration came in for support and improved 9 to 315p, as did Aran Energy, up 5 at 80p. Pict Petroleum firmed 10 to 290p despite the increased interim loss, while Gas and Oil Acreage, a particularly thin market, advanced 15 more to 505p.

Dealings in Le Vallonet were suspended at 74p pending reorganisation details.

An active business was transacted in Courtaulds; up to 70p immediately in front of the preliminary results, the shares eased following the announcement and closed 3 down on balance at 65p. Elsewhere in quiet Textiles, dealings in Yorkshire Fine Woollen Spinners, suspended at 37p on Tuesday, were resumed at 35p following the termination of bid talks.

Bats continued to respond to investment support and rose 9 for a two-day gain of 22 at 352p.

Interest in Plantations was mainly confined to Killinghall Rubber which attracted speculative support in a thin market and spurted 62 to 750p.

Golds improve

South African Golds staged a minor rally in after-hours' dealings as the bullion price moved up to close $11.5 firmer at $478.5 an ounce in response to fears of an escalation of the conflict in the Lebanon.

Initial weakness in Golds followed further light selling but the trend was reversed in the afternoon when American buying interest was reported. The Gold Mines index, at 354.2, picked up 6.1 of the previous three-day loss of 22 points.

Among the heavyweights, rises ranged to ¾ as in Western Holdings, £32¼, while gains of around ½ were common to East Driefontein, £14, Hartebeest, £30½, Vaal Reefs, £33⅝ and St. Helena, £17½.

Financials were marginally firmer in quiet trading. In South Africans, "Amgold" moved up ¾ to £42¼, "Johnnies" ½ to £35 and Anglo American Corporation 10 to 710p.

London Financials were quietly steady. Gold Fields improved in the after-hours' trade and closed 9 up at 514p while Rio Tinto-Zinc rose 4 to 530p and Charter 2 to 232p. Tanks, however, remained a dull market, falling 7 more to 323p.

Australians were active but price changes were generally small. The oil exploration issues attracted a good two-way business with sellers getting the upper hand. Vamgas dipped 20 to 750p, while losses of 3 were common to Eagle Corporation and Swan Resources, at 53p and 73p respectively.

On the other hand, Meekatharra Oil were supported and advanced 75 to 725p. Magellan rose 25 to 475p.

In Golds, Whim Creek continued to make progress on speculative interest and closed 6 up at 84p.

FINANCIAL TIMES STOCK INDICES

	May 28	May 27	May 26	May 22	May 21	May 20	A year ago
Government Secs.	67.25	66.97	66.71	66.50	66.62	66.79	67.87
Fixed Interest	68.57	68.43	68.32	68.23	68.46	68.67	68.43
Industrial Ord.	545.6	545.4	547.6	543.4	544.6	544.6	417.8
Gold Mines	354.2	348.1	355.6	361.6	370.1	366.0	384.4
Ord. Div. Yield	6.02	6.04	6.03	6.07	6.06	6.06	8.61
Earnings, Yld. % (full)	11.81	11.78	11.76	11.86	11.84	11.83	20.89
P/E Ratio (net) (*)	10.65	10.66	10.68	10.59	10.60	10.61	5.80
Total bargains	18,782	18,429	18,765	17,838	18,683	22,222	16,381
Equity turnover £m.	—	119.16	95.84	108.94	118.79	149.06	92.66
Equity bargains	—	14,465	12,449	12,050	13,564	15,266	13,763

10 am 547.1. 11 am 548.8. Noon 549.5. 1 pm 547.3.
2 pm 547.3. 3 pm 547.1.
Latest Index 01-246 8026
* Nil = 9.77

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

HIGHS AND LOWS

	1981 High	1981 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	70.61 (28/5)	66.39 (12/5)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	72.01 (28/5)	68.23 (22/5)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	597.3 (30/4)	446.0 (14/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	421.1 (16/1)	281.4 (28/1)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	May 27	May 26
—Daily		
Gilt Edged Bargains	164.0	166.8
Equities Bargains	93.7	80.0
Value	240.8	189.7
5-day Avrge.		
Gilt Edged Bargains	153.8	158.3
Equities Bargains	87.7	88.9
Value	238.4	242.1

NEW HIGHS AND LOWS FOR 1981

The following quotations in the Share Information Service yesterday attained new Highs and Lows for 1981.

NEW HIGHS (80)

FOREIGN BONDS (1)
AMERICANS (15)
CANADIANS (2)
BANKS (2)
BEERS (2)
BUILDINGS (3)
CHEMICALS (2)
DRAPERY & STORES (5)
ELECTRICALS (2)
ENGINEERING (7)
FOODS (2)
INDUSTRIALS (15)
INSURANCE (3)
LEISURE (1)
NEWSPAPERS (1)
PAPER (4)
PROPERTY (2)
SHOES (1)
TRUSTS (5)
OIL & GAS (2)
MINES (3)

NEW LOWS (15)

BANKS (2)
Clive Discount, Standard Chartered
CHEMICALS (1)
ICI 5pc Pref.
STORES (1)
Pawson (W. L.)
ENGINEERING (1)
Wellman Eng.
INDUSTRIALS (1)
Spear (J. W.)
INSURANCE (1)
G.R.E.
LEISURE (1)
HTV Non-Vtg.
PROPERTY (2)
Scot. Metropolitan, Town & City
TRUSTS (2)
Cambrian & General SPLIT Inc.
OIL & GAS (1)
Anvil Pet.
MINES (2)
Haoma Gold, Hemerdon

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	77	—	19
Corpns. Dom. and Foreign Bonds	23	3	42
Industrials	252	196	921
Financial & Props.	87	80	327
Oils	28	23	35
Plantations	2	1	20
Mines	56	25	85
Others	68	36	74
Totals	593	364	1,523

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Beatson Clark	178	+8	Polymark	137	+12
British Sugar	355	—	RTZ	530	+4
Courtaulds	64	−3	Spring Grove	102½	−5½
Extel	212	+24	Stenhouse	96	+6
GRE	276xr	−11	UBM	61	−7
LASMO	580	+12	Vaal Reefs	£33⅞	+0½

WEDNESDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price changes	Wed. closing price pence	Day's change	Stock	No. of price changes	Wed. closing price pence	Day's change
BP	14	380	−14	LASMO	11	568	−27
ICI	14	290	−2	Ultramar	11	440	−18
Unilever	14	548	−4	BAT Inds.	10	343	+13
RTZ	13	526	−4	Boots	10	225	−6
GEC	12	682	+12	Brit. Aerospace	10	224	+2
Cdby. S. 'New'	11	4½pm	—	Fisons	10	155	−7
Cawoods	11	210	+16	Glaxo	10	336	—

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 26	June 5	Aug. 26	Sept. 7
June 8	June 19	Sept. 10	Sept. 21

For rate indications see end of Share Information Service

Money was given for the call in Dunlop, Tozer Kemsley and Millbourn, Aran Energy, KCA, Fisons, Tecalemit, Sturla, Boustead, Geers Gross, BOC, Boots, W. Goodkind, Pan Pacific Petroleum, Premier Oil and Carrington Viyella. Puts were arranged in Burmah, Lasmo and Lorraine Gold, while doubles were taken out in Lasmo, BP and Carrington Viyella.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Thur., May 28, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed. May 27 Index No.	Tues. May 26 Index No.	Fri. May 22 Index No.	Thur. May 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (214)	344.05	+0.3	11.12	4.56	11.09	343.07	340.85	340.28	339.88	224.08
2	Building Materials (25)	304.39	+0.3	14.72	5.83	8.13	303.53	304.31	305.50	306.42	223.59
3	Contracting, Construction (28)	574.68	+1.9	16.64	4.90	7.07	564.17	563.03	564.16	566.27	339.74
4	Electricals (28)	1065.37	−0.1	8.13	2.47	15.29	1066.22	1051.54	1043.82	1031.45	587.87
5	Engineering Contractors (11)	488.49	+0.6	11.95	5.52	10.35	485.33	486.48	487.72	489.82	266.11
6	Mechanical Engineering (70)	212.92	+0.4	13.20	5.72	9.48	212.13	211.24	210.70	212.41	149.59
8	Metals and Metal Forming (13)	165.33	+0.8	9.53	7.21	13.67	164.05	164.46	165.96	166.86	148.18
9	Motors (21)	105.38	−0.5	7.51	6.96	22.58	105.89	106.28	106.04	105.53	96.92
10	Other Industrial Materials (18)	364.89	+0.2	11.00	5.47	10.90	364.26	360.59	361.59	363.82	0.00
21	CONSUMER GROUP (195)	279.58	+0.3	13.15	5.75	9.31	278.78	278.08	276.27	278.62	201.50
22	Brewers and Distillers (20)	306.43	—	15.15	6.08	7.84	306.32	304.39	299.93	304.68	267.41
25	Food Manufacturing (21)	252.77	−0.1	15.23	6.40	7.92	253.06	254.06	252.21	253.05	186.56
26	Food Retailing (14)	520.29	−0.2	9.59	3.38	12.39	521.21	516.50	518.25	519.81	292.18
27	Health and Household Products (7)	305.89	+0.9	8.83	4.69	13.47	303.20	304.26	300.47	300.15	179.75
29	Leisure (22)	428.21	+0.2	11.86	5.23	10.23	427.36	424.87	421.13	422.86	292.92
32	Newspapers, Publishing (12)	515.05	—	12.30	5.47	11.60	514.95	513.49	512.51	511.47	409.45
33	Packaging and Paper (13)	149.00	−0.1	18.00	7.71	6.51	149.11	147.98	146.48	147.09	122.29
34	Stores (44)	276.63	+0.5	10.49	4.78	12.72	275.33	276.84	276.53	280.51	205.27
35	Textiles (23)	154.40	−0.8	13.24	7.94	10.23	155.62	154.07	154.03	155.41	124.26
36	Tobaccos (3)	256.81	+1.7	22.52	9.66	5.10	252.43	245.29	243.31	245.32	196.01
39	Other Consumer (16)	304.20	−0.2	10.37	6.24	13.13	304.96	305.05	303.31	303.72	0.00
41	OTHER GROUPS (79)	230.57	—	13.25	6.54	9.24	230.49	230.43	229.05	229.67	195.47
42	Chemicals (15)	286.12	−0.1	11.27	7.24	11.19	286.35	289.00	286.04	287.43	288.92
44	Office Equipment (6)	114.92	—	16.06	7.28	7.35	114.90	115.33	114.02	113.67	100.04
45	Shipping and Transport (13)	561.68	—	15.90	6.44	7.53	561.86	560.02	559.90	561.64	496.85
46	Miscellaneous (45)	300.82	+0.2	13.83	5.59	8.80	300.27	297.01	296.47	296.94	239.94
49	INDUSTRIAL GROUP (488)	294.94	+0.3	12.40	5.41	9.89	294.19	293.10	291.74	292.95	216.07
51	Oils (12)	805.67	+0.9	22.13	6.99	5.01	798.25	824.58	814.80	811.38	742.60
59	500 SHARE INDEX	335.74	+0.4	14.16	5.69	8.41	334.49	335.46	333.46	334.33	257.61
61	FINANCIAL GROUP (118)	247.33	−0.3	—	5.81	—	248.05	246.91	245.89	247.36	196.70
62	Banks (6)	247.23	+0.3	37.23	7.34	3.13	246.54	244.38	243.98	245.01	205.88
63	Discount Houses (10)	282.50	−0.4	—	7.98	—	283.58	283.58	283.31	283.31	261.13
64	Hire Purchase (4)	267.77	+0.1	8.40	4.63	16.46	267.61	267.49	266.11	267.19	198.15
65	Insurance (Life) (10)	250.44	−0.5	—	5.97	—	251.71	250.08	249.52	249.54	184.46
66	Insurance (Composite) (9)	152.58	−1.0	—	8.07	—	154.06	153.61	151.32	153.42	124.35
67	Insurance Brokers (8)	373.51	+0.4	11.78	6.22	11.68	372.01	368.70	369.16	376.34	294.04
68	Merchant Banks (13)	160.05	−0.3	—	5.00	—	160.56	158.91	157.00	156.12	106.37
69	Property (48)	477.47	−0.3	3.67	2.87	37.52	479.01	478.61	478.56	480.89	387.79
70	Miscellaneous (10)	168.98	−0.3	18.71	6.12	6.49	169.45	169.17	169.50	170.40	127.24
71	Investment Trusts (109)	304.41	+0.1	—	5.15	—	304.12	302.07	302.16	303.33	216.98
81	Mining Finance (3)	260.72	+1.2	13.15	5.15	8.91	257.72	260.44	261.23	264.98	186.43
91	Overseas Traders (20)	477.17	+0.3	10.86	6.12	11.36	475.80	474.74	476.63	477.62	364.39
99	ALL-SHARE INDEX (750)	317.64	+0.3	—	5.68	—	316.81	317.16	315.64	316.77	243.56

FIXED INTEREST

	PRICE INDICES	Thur. May 28	Day's change %	Wed. May 27	xd adj. today	xd adj. 1981 to date
	British Government					
1	5 years	107.95	+0.06	107.88	—	4.24
2	5-15 years	108.96	+0.41	108.52	—	4.18
3	Over 15 years	111.57	+0.47	111.05	—	4.93
4	Irredeemables	121.11	+0.47	120.53	—	6.23
5	All stocks	109.17	+0.32	108.82	—	4.43
6	Debentures & Loans	85.00	+0.19	84.84	—	4.59
7	Preference	65.26	−0.14	65.35	—	3.15

	AVERAGE GROSS REDEMPTION YIELDS		Thur. May 28	Wed. May 27	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	12.01	12.04	12.18
2		15 years	12.57	12.64	12.11
3		25 years	12.70	12.77	12.10
4	Medium Coupons	5 years	13.85	13.90	13.99
5		15 years	14.31	14.38	13.79
6		25 years	13.96	14.03	13.65
7	High Coupons	5 years	13.85	13.89	14.12
8		15 years	14.51	14.58	14.13
9		25 years	14.16	14.21	14.03
10	Irredeemables†		12.14	12.19	11.31
11	Debs & Loans	5 years	14.97	14.99	14.58
12		15 years	15.00	15.03	14.52
13		25 years	15.00	15.03	14.46
14	Preference†		15.17	15.15	15.75

† Flat yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 26½p.

RECENT ISSUES

EQUITIES

Issue Price p‡	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price p‡	+ or −	Div. P. or Amount	Times Covered	Gross Yield	P.E. Ratio
—	F.P.	—	£24½	£21½	Allegheny Int. Inc.	£24½	+2¾	Q$1.40	—	3.1	—
‖‖	F.P.	—	£20¾	£16¼	Amdahl	£20¾	.....	Q40c	—	0.9	—
‖‖	F.P.	—	300	200	✻Atlantic Res.	200	−5	—	—	—	—
85	F.P.	24/6	140	105	✻Business Comp Syst.	130	−2	u1.0	6.7	1.1	19.4
§90	F.P.	15/5	135	89	✻Consultants 10p	130	−2	—	—	—	—
475	F.P.	10/7	500	475	Energy Res. & Services	488	.....	—	—	—	—
10	F.P.	27/5	14	13	F'st Charlotte Ast Tst	13	.....	—	—	—	—
100	F.P.	22/5	111	102	G.T.GlobalRec.Inv Tst	104	.....	—	—	—	—
‖‖	F.P.	—	62	53	✻Harvey & Thompson	55	.....	g2.24	1.1	5.8	21.6
¶91	F.P.	5/6	96	86	✻Intasun	85	.....	g2.8	4.3	4.7	6.2
§84	F.P.	13/6	114	93	✻Metal Bulletin	111	.....	5.0	1.7	6.4	13.0
‖‖	F.P.	—	8	5½	✻Reliant Motors	8	+1½	—	—	—	—
‡44	F.P.	30/6	58	51	✻Selec TV	51	.....	—	—	—	—
25	F.P.	29/5	25	20	Stone Platt Cnv Cm Pf	24½	.....	—	—	—	—

FIXED INTEREST STOCKS

Issue price £	Amount Paid Up	Latest Renunc. Date	1981 High	1981 Low	Stock	Closing Price £	+ or −
¶¶	F.P.	26/6	23p	16p	BPC 7.75% Non. Cum. Prf.	22½p	+1
¶	F.P.	18/6	101½	100	Cambridge Water 8% Prf. 1986	100½	−½
100 ‖	Nil	8/6	1¼pm	¼pm	Crouch Gp. 9% Con. Uns. Ln. '93-96	¼pm	.....
99.87	£30	16/7	29¾	27½	Finland 14½% Ln. 1986	27¾	.....
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

[illegible]

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Craigmount Fixed Int. Mngrs. (Jersey)
P.O. Box 195, St. Helier, Jersey. 0534 27561
Gilt Fund (Jsy.) 92.2 92.3 ..... 14.62
Valued weekly Wednesday.

DWS Deutsche Ges. F. Wertpapiersp
Grueneburgweg 113, 6000 Frankfurt
Investa DM31.71 33.30 ..... —

Delta Group
P.O. Box 3012, Nassau, Bahamas
Delt. Inv. May 19 $4.81 5.05 ..... —
London Agents: Kleinwort Benson. Tel: 01-623 8000

Deutscher Investment-Trust
Postfach 2685 Bieberguse 6-10 6000 Frankfurt

Dreyfus Intercontinental Inv. Fd.
P.O. Box N3712, Nassau, Bahamas.

Duncan Lawrie Inv. Mgt. (Jersey)
15-17, New St., St. Helier, Jersey 0534 73637

Emson & Dudley Tst. Mgt. Jrsy. Ltd.
P.O. Box 73, St. Helier, Jersey. 0534 73933

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey. 0534 27381

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481 26331

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FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Am. Gth. Tst.	63.1	67.9	+0.2	2.34
Abbey Capital	51.2	55.4	+0.3	3.97
Abbey General	59.3	64.1	+0.2	4.79
Abbey Gilt & F.I. Tst.	104.4	109.9	+0.1	11.92
Abbey Income	39.1	42.5	+0.1	8.50
Abbey W'w.Bd.Tst.	94.7	100.2	+0.3	6.87
Abbey Inv. Tst. Fd.	53.0	57.3	+0.1	4.19
Equitas Prog. Tst.	85.0	91.9	+0.4	4.45

Allen Harvey & Ross Unit. Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314.

AHR Gilt Trust	82.8	87.3	+0.1	13.00

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	94.6	101.2	+0.1	5.53
Brit. Inds. Fund	79.4	85.0	-0.2	6.00
Growth & Income	54.7	58.5		4.62
Elect. & Ind. Dev.	47.5	50.8	+0.1	4.65
Allied Capital	100.8	107.9	+0.2	4.06
Hambro Fund	140.3	150.1	+0.1	5.54
Hambro Acc. Fund	192.6	206.1	+0.5	3.98
Income Funds				
High Yield Fd.	72.0	77.0	-0.4	7.79
High Income	85.3	91.3	-0.1	7.71
Equity Income Fd.	49.4	52.9		6.92
Govt. Secs.	24.4	25.1		12.40
International Funds				
International	37.9	40.6	+0.2	2.04
Japan Fund	27.0	28.9	-0.2	0.22
Pacific Fund	74.6	79.8	-0.1	0.78
Secs. Of America	84.3	90.2	+0.8	1.77
Specialist Funds				
Smaller Co.'s Fd.	60.7	65.0	-0.1	4.00
2nd Smlr. Co's Fd.	75.1	80.4		3.73
Recovery	29.4	31.5	+0.1	4.46

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	48.3	52.1	+0.6	0.48
Cres. Internat'l.	87.0	93.2	+0.3	1.99
Cres. High. Dist.	45.4	49.0	-0.1	9.70
Cres. Reserves	52.7	56.9		5.14
Cres. Tokyo	37.3	40.2	+0.2	0.87

Dartington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	23.6	25.0		8.52

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. May 15	258.0	275.1		4.86

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	20.7	22.9		6.77
Gt. Winchester O'seas	30.2	33.3		3.19

For Emson and Dudley see Robert Fraser Tst. Mgmt.

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	94.6	99.5	+0.4	4.35

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	45.1	48.5	+1.2	0.48
Ameri.Spec.Sits. (z)	32.1	34.6	+0.7	0.18
Gilt + Fixed Int.	23.9	25.2		12.70
Growth + Income	35.3	38.0		6.81
Maximum Inc. Eq. Tst.	30.8	33.2	+0.1	8.06
Special Sits.	43.4	46.7	+0.1	1.63

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow. 041-204 1321

J. Finlay Internat'l	41.7	44.8		1.67
Accum. Units	51.9	55.8		1.67
J. Finlay High Income	39.0	41.9		9.25
Finlay Wld. Energy	19.3	20.7		1.16
Accum. Units	24.9	26.8		1.16
J. Finlay Fd. In.Tst.	41.2	44.3		5.05
Accum. Units	53.4	57.4		5.05

Prices on May 27. Next dealing May 27.

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99⅝	97¼	Exch. 9½pc 1981	99⅝	+1/32	9.53	11.45
98⅛	93¼	Exch. 3pc 1981	98⅛	+1/16	3.05	11.34
99	99⅛	Treas. Variable '81‡‡	99¾	......	11.90	12.45
100	99¼	Exch. 12¾pc 1981‡‡	100	......	12.71	11.94
97⅞	95	Treas. 8½pc '80-82‡‡	97	+1/16	8.69	12.10
95	91⅞	Treasury 3pc '82‡‡	94⅛	......	3.19	11.70
102	100	Treasury 14pc '82‡‡	101⅞	......	13.81	12.81
99	98	Treas. Variable '82‡‡	99 xd	......	13.82	12.64
95¼	93	Treasury 8¾pc '82	95	......	8.66	12.93
96	93	Exch. 9¼pc 1982	95¼	......	9.71	13.19
94⅞	92⅞	Exch. 8¾pc 1983	94¼	......	9.28	12.79
89¼	84⅞	Exch. 3pc 1983	88⅝	......	3.39	10.31
99⅞	97⅞	Treasury 12pc 1983‡‡	97¾	+1/16	12.27	13.38
98	96¼	Treas. Variable '83‡‡	98¼	......	12.02	12.59
94⅛	92¼	Treasury 9¼pc '83	93	......	9.94	13.09
101	99⅞	Exch. 13½pc '83	100	+1/16	13.45	13.32
94⅛	92¼	Exch. 10pc 1983	93 xd	+1/16	10.71	13.19

Five to Fifteen Years

Over Fifteen Years

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
103⅝	95¾	Treas. 13½pc '04-08	97⅞	+⅜	12.67	13.93
50⅝	46¼	Treasury 5½pc '08-12‡‡	48⅝	+⅜	11.65	12.80
66¾	62⅞	Treasury 7¾pc '12-15‡‡	64⅛	+⅜	12.59	12.79
98⅛	87⅛	Exch. 12pc '13-'17	88⅝xd	+½	13.47	13.49

Undated

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
33¼	31¼	Consols 4pc	32⅛	+⅛	12.96	—
32¼	28⅝	War Loan 3½pc‡‡	29¼xd	+1/16	11.96	—
37⅝	34½	Conv. 3½pc '61 Aft.	35⅛	+⅛	10.12	—
25	23	Treasury 3pc 66 Aft.	23⅛	......	13.22	—
21⅛	19¼	Consols 2½pc	19⅞	......	12.81	—
21	19¼	Treasury 2½pc	19½	......	13.09	—

INTERNATIONAL BANK

91	87	5pc Stock '77-82	91	......	5.49	13.06

CORPORATION LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
93½	90½	Bath 11¼pc 1985	91	+½	12.36	14.00
98	95	Birm'ham 12½pc 1985	95¼xd	+¼	13.13	14.06
102	92¾	Burnley 13pc 1987	93xd	......	13.91	14.66
95½	87¾	Cardiff 11pc 1986	88½	+½	12.54	14.30
100⅛	98¼	G.L.C. 12½pc '82	99½xd	+⅛	12.56	13.05
99	97	Do. 12½pc 1983	97½	+¼	12.82	13.84
95⅜	92½	Glasgow 9¼pc '80-82	94¾	+¼	9.76	13.31
75½	72	Herts 6½pc 1985-87	73	+½	9.50	13.86
91½	89¼	Liverpool 9¾pc '80-84	90	+¼	10.83	13.94
26	24	D. 3½pc Irred.	24¾	+¼	14.67	—
100½	98¼	Lon. Corp. 13¼pc '83	98¾	+¼	13.42	13.83
88¾	87½	Do. 9¼pc '84-85	88¼	+¼	10.47	13.38
97⅝	94	L.C.C. 5½pc '77-81	97⅝	......	5.63	12.79
80½	78¼	Do. 5½pc '82-84	79½	......	6.92	13.70
71¼	65	Do. 5½pc '85-87	65¼xd	+½	8.32	13.97
70¾	66¼	Do 6¾pc '88-90	67	+½	10.45	13.63
23⅞	20¾	Do. 3pc '20 Aft.	21xd	......	14.46	—
97¼	95	Sunderland 12¼pc 1984	95¼	+¼	12.86	13.96

COMMONWEALTH AND AFRICAN LOANS

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
95	92¼	Aust. 5½pc '81-82	94¾	–¼	5.85	12.97
87½	83½	Do. 6pc 1981-83	84xd	–¼	7.12	13.56
67¼	63¼	N.Z. 7½pc 1988-92	64½	......	11.74	14.18
81¼	76½	Do. 7½pc '83-86	76½xd	–¼	9.73	13.95
99½	94¾	Sth. Africa 9½pc '79-81	97¾	+¼	9.76	15.64
141	115	S. Rhod. 2½pc Non-Ass.	137	......	—	—
59	43	Do. 3½pc 80-85 Asstd.	53	......	6.68	20.60
40	26	Do. 4½pc 87-92 Assd.	35	......	13.31	19.40
395	333	Zimbabwe Ann (£100pa)	375	......	—	21.33

LOANS

Public Board and Ind.

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
64	61	Agric. Mt. 5pc '59-89	61¼	......	8.40	13.33
29½	26½	Met. Wtr. 3pc 'B'	27	+¼	10.76	13.03
114	98½	U.S.M.C. 9pc 1982	108	......	8.70	—
97¼	92½	Do. without Warnts.	96	......	9.81	16.60

Financial

1981 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
101½	98¼	FFI 14pc '83	99⅝	+¼	14.05	14.16
92	88½	FFI(UK Fn)5½pcDb. '80-2	91	+½	6.04	14.13
83½	79½	Do. 6¼pcDb. '81-84	79½	......	12.17	14.70
93	86½	Do. 10½pc Uns.Ln. '86	90½	......	12.93	14.00
92	79¼	Do. 11pc Uns.Ln. '88	89½	......	12.97	14.10
92	86½	Do. 11¼pc Uns.Ln. '90	89	......	14.43	15.00
94½	88½	Do. 12½pc Un. Ln. 1992	89	......	14.48	15.10
64½	58½	Do. 7¼pcADeb. '89-92	58½xd	......	12.39	14.90
62	58½	Do. 7¼pcADeb. '91-94	58½	......	12.76	14.80
72½	68	Do. 9pc 'A' '91-94	69	......	13.04	14.30
70	65	Do. 8¾pcLn. '92-97	65½	......	14.18	15.00

FOREIGN BONDS & RAILS

1981 High	Low	Stock	Price £	+ or –	Div. % Gross	Red. Yield
72	58	Antofagasta Rly.	72	......	—	—
55	55	Do. 5pc Pref.	55	......	—	—
98	98	Chilean Mixed	98	......	3	13.10
28	17	Chinese 4½pc 1898	17	......	—	—

AMERICANS

1981 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
30½	22½	TRW Inc. $1¼	29½xd	+½	$2.20	—	3.5
21⅞	18⅞	Tenneco $5	19	–⅛	$2.60	—	6.5
176	148	Do. 10% Ln. Stk. 91-95	149	......	10%	—	f6.9
10⅛	726p	Tesoro Pt. US$0.16⅔	927pxd	–13	30c	—	1.5
20⅜	15⅞	Texaco $6.25	17¼	–⅛	$2.80	—	7.7
37	22⅞	Time Inc. $1	37	+⅞	$1.80	—	2.3
11⅛	752p	Transamerica $1	11	+⅛	$1.28	—	5.5
27⅝	20¾	Union Carbide $1	27⅝	+¼	$3.20	—	5.5
28¾	22½	Utd. Tech. $US5	28½xd	......	$2.40	—	4.1
16¼	969p	U.S. Steel $1	15⅞xd	......	$2.00	—	6.0
12½	10	Woolworths $3½	12¼xd	......	$1.80	—	7.0
15⅝	10½	Zapata Corp. 25c.	12⅞	+⅛	40c	—	1.5

CANADIANS

1981 High	Low	Stock	Price	+ or –	Div. Gross	Cvr	Yld Gr's
11⅞	10	Bk. Montreal $2	11⅝xd	+⅛	$1.76	—	6.0
12	10	Bk. Nova Scot. $1	11⅛	–⅛	$1.68	—	6.0
755p	660p	Bell Canada $8⅓	755p	+5	$1.80	—	9.4
782p	630p	Bow Valley‖	781p	+19	15c	—	0.8
14⅛	11⅝	Brascan‖	13¼	–⅛	$1.80	—	5.4
12⅞	970p	Can. Imp. Bk. $2	11¾	–⅛	$1.88	—	6.3
19	13⅞	Can. Pacific $5	18⅛	+⅛	$1.90	—	4.2
31¼	28	Do. 4pc Deb. £100	28	......	4%	—	14.3
10¼	790p	Can. P. Ent.‖	10	+⅛	$1.12	—	0.0
11½	810p	Gulf Can.‖	11⅛xd	......	44c	—	1.5
11	875p	Hawker Sid. Can.‖	10	–⅛	96c	—	3.8
19½	15⅞	Hollinger $5	19½	......	$2.20	—	4.5
10⅞	812p	Hudson's Bay ‖	10⅝	–⅛	$1.20	—	4.5
15¼	795p	Hud.B.Oil G. $2½	15¼	+1	32c	—	0.8
15	11½	Imperial Oil‖	14¾	+⅛	$1.40	—	3.8
11	765p	Inco‖	10⅞	+⅛	SUS72c	—	3.1
700p	450p	Int. Nat. Gas $1	655p	–10	$1.10	—	6.7
210p	155p	Massey Ferg.‖	190p	+5	—	—	—
120p	80p	Place Gas $1	89p	+4	—	—	—
16⅛	10¼	Rio Algom	15xd	+	$1.50	—	3.7
12	10⅞	Royal Bk. Can. $1	11½	–	$1.60	—	5.5
26	23¼	Seagram Co. C$1	24xd	......	US$1.40	—	2.7
13	11¼	Tor. Dom. Bk. $1.	12¾	–	$1.60	—	5.0
10½	750p	Trans Can. Pipe	995p	–5	$1.16	—	1.2

BANKS AND HIRE PURCHASE

Hire Purchase, etc.

BEERS, WINES AND SPIRITS

BUILDING INDUSTRY, TIMBER AND ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

ELECTRICALS

ELECTRICALS—Continued

ENGINEERING MACHINE TOOLS

FOOD, GROCERIES, ETC.

FOOD, GROCERIES—Cont.

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
[illegible]	40	Hewitt (J.)	50	......	1.8	8.8	5.1	2.6
[illegible]	26	Highgate & Job 50p.	43	+½	—	—	—	—
[illegible]	40	Hill (Chas.) £1	104	−2	♦	—	—	—
[illegible]	16	Hirst Mal'son 20p	34	......	‡0.1	—	0.4	—
[illegible]	86	Holden (A.)	96	......	5.0	3.3	7.4	4.7
[illegible]	24	Hollis Bros	35	+1	‡1.4	—	‡	—
[illegible]	55	Holt Lloyd Int. 10p	68xd	......	3.17	♦	6.7	♦
[illegible]	110	Hoover 'A'	157	......	6.0	—	5.5	—
[illegible]	39	Hoskins & H 20p	72xd	......	2.0	—	4.0	—
[illegible]	48	Howard Tenens	60	......	‡2.28	2.0	‡	11.1
[illegible]	250	Hunting Assoc.	325	......	5.0	♦	2.2	♦
[illegible]	112	Huntleigh 10p	135	−2	1.5	3.8	1.6	16.8
[illegible]	120	Hutch Whamp SHK1	173	+1	Q32c	♦	1.6	♦
[illegible]	12	Hyman (I. & J.) 5p	12	......	0.83	♦	9.8	♦
[illegible]	£12⅞	I.C. Industries$1	£17⅝	......	Q$2.20	—	6.0	—
[illegible]	32	ICL	40	+1	2.97	—	10.6	—
[illegible]	35	Ingall Inds. 10p	41	......	‡2.5	1.6	8.7	11.3
[illegible]	168	Initial Services	295	......	7.5	2.3	4.6	11.6
[illegible]	9	Inter-City 20p	14	......	‡0.6	1.0	‡	(40.7)
[illegible]	79	J. B. Holdings 10p	76	......	3.0	4.9	5.8	4.8
[illegible]	110	Jacksons Bourne	185	......	5.0	3.3	3.9	11.2
[illegible]	12	James (M.) Ind. 10p	22½	+½	1.0	♦	6.6	♦
[illegible]	147	Jardine M. SHK5	205	−1	Q88c	2.0	3.6	13.5
[illegible]	16½	Jentique	24	......	‡1.03	—	‡	—
[illegible]	6½	Johnson & Barnes	7#	......	—	—	—	—
[illegible]	152	Johnson Clnrs.	236	......	7.0	3.4	4.2	7.7
[illegible]	136	Johnson Mthy. £1	270	+5	‡9.0	2.8	4.8	(10.4)
[illegible]	75	Jourdan (T.) 10p	88	......	5.25	1.8	8.5	9.2
[illegible]	60	Kalamazoo 10p	70	......	‡3.75	1.4	‡	11.5
[illegible]	138	Kelsey Inds.	150	−3	‡8.0	4.7	7.8	3.9
[illegible]	112	Kennedy Sm. 10p	125	......	‡3.5	3.4	4.0	8.9
[illegible]	255	Kershaw (A.) 5p	310	+5	21.75	0.6	10.0	(29.0)
[illegible]	54	Kleen-E-Ze Hldgs.	63	−2	5.5	3.1	12.5	2.9

INSURANCE

INSURANCE—Continued

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

Africa

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

Central African

MINES—Continued

Australian

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	32	Acmex 50c	40	......	Q2.5c	—	3.5
34	14	ACM 20c	28	−2	—	—	—
21	14	Argosy Gold NL 25c	17	......	—	—	—
212	137	Bond Corp.	204	+6	Q7½c	2.9	2.0
102	76	Bougainville I Kina	95	......	Q25c	1.0	15.0
302	214	CRA 50c	242	......	Q19c	1.7	4.3
25	17½	Canada Northwest	19½	......	—	—	—
35	16	Carr Boyd 20c	19	......	—	—	—
415	80	Central Pacific	148	−10	—	—	—
35	15	Cons. Gold Min. N.L. 50c	15	......	—	—	—

Tins

Copper

Miscellaneous

1981 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
55	40	Barymin	47	+5	—	—	—
25½	14	Burma Mines 10p	24	−1	0.75	0.9	4.5
330	180	Colby Res. Corp.	330	+30	—	—	—
275	200	Cons. Murch. 10c	275	......	‡Q30c	1.6	6.2
98	73	††Hemerdon 10c	73	−2	—	—	—
180	135	Highwood Res.	160	−5	—	—	—
400	300	Northgate C$1	350	......	—	—	—
580	372	R.T.Z.	538xd	+4	16.0	3.2	4.3
£125	£93½	Da. 9% Cn. Un. Ln. '95-2000	£116xd	+½	Q9½%	—	8.1
143	110	††SPO Minerals 10p	110	......	—	—	—
47	32	Sabina Inds. C$1	37	+3	—	—	—
44	28	††SWCM 10p	43	−1	—	—	—
550	465	Tara Exptn. $1	500	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. ☆☆ Available only to UK pension schemes and insurance companies engaged in pension business. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40xd	......
Bertam	14	......
Bdg'wtr. Est. 50p	435	......
Craig & Rose £1	£11¼	......
Fife Forge	63	......
Finlay Pkg. 5p	19	......
Graig Ship. £1	£20	+1
Higsons Brew.	73xd	......
Holt (Jos) 25p	465	......
I.O.M. Stm. £1	157	−1
Pearce (C. H.)	950	......
Peel Hldgs.	100	......
Sheff. Refrshmt	101	......
Sindall (Wm.)	175	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£92½	......
Nat. 9¾% 84/89	£74	......
Fin. 13% 97/02	£78¾	......
Alliance Gas	80	......
Arnott	295xd	+5
Carroll (P.J.)	83	......
Concrete Prods.	98	......
Helton (Hldgs.)	28	−2
Ins. Corp.	420	......
Irish Ropes	53	......
Jacob	54	......
T.M.G.	15	+1
Unidare	100	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate	Stock	Rate	Stock	Rate
A. Brew	6½	House of Fraser	14	Utd. Drapery	6½
BOC Intl.	11	I.C.I.	28	Vickers	15
B.S.R.	4½	"Imps"	7	Woolworths	5
Babcock	11	I.C.L.	6		
Barclays Bank	36	Ladbroke	30	**Property**	
Beecham	15	Legal & Gen.	20	Brit. Land	8
Blue Circle	35	Lex Service	10	Cap. Counties	11
Boots	20	Lloyds Bank	28	Land Secs.	37
Bowaters	24	"Lots"	4½	MEPC	20
Brit. Aerospace	14	London Brick	7	Peachey	15
B.A.T.	25	Lucas Inds.	18	Samuel Props.	13
Brown (J.)	7	"Mams"	28	Town & City	2¼
Burton Ord.	12	Mrks. & Spncr	9		
Cadburys	7½	Midland Bank	26	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	16
Distillers	17	P & O Dfd.	13	Charterhall	9
Dunlop	7½	Plessey	30	KCA	22
Eagle Star	22	Racal Elect.	24	Premier	10
F.N.F.C.	3½	R.H.M.	5	Shell	34
Gen. Accident	30	Rank Org. Ord.	18	Tricentrol	30
Gen. Electric	60	Reed Intnl.	20	Ultramar	44
Glaxo	28	Sears	5		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. 'A'	44	Thorn EMI	30	Charter Cons.	21
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	16	Tube Invest.	18	Lonrho	9
Hawker Sidd	25	Turner & Newall	10	Rio T. Zinc	45
		Unilever	50		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 40

FINANCIAL TIMES

Friday May 29 1981

Left-wing GLC kicks off with platitudes and chaos

BY ROBIN PAULEY

THE LEFT-WING Labour administration of Greater London began yesterday with ceremonial, platitudes, and exchanges of title and chains of office which lasted for 65 punctilious minutes. Then disorder ensued, provoked by the Conservative opposition.

Sir Horace Cutler, the Conservative opposition leader, seemed disconcerted by the restrained tone of Mr Ken Livingstone, the newly installed Labour leader, and his determination to play by the rules when it had been widely predicted he would break them all.

Sir Horace launched an attack on the "Marxist caucus" he claims is running the Labour group. He bet "a rouble to a kopek" that changes to standing orders would mean "inconvenient" items on the agenda—meaning opposition items—would never be reached. He complained about the Marxist manifesto which would destroy jobs and the capital, and moves to gag all opposition. And he referred to the Labour leaders as a "razor gang."

Mr Livingstone responded with an outburst about "monstrous McCarthyism" and the media's "Red scare."

Within minutes the first meeting of the 92 members of the Greater London Council was in a state of noisy disarray similar to that at most meetings under previous administrations.

The attacks became personal, the air heated, the officers bored and the proceedings often inaudible. Matters were dealt with as slowly as ever. Classical and theological quotes flowed as fluently and irrelevantly as ever.

These came mainly from Mr Illtyd Harrington, the deputy Labour leader, who kept insisting that the playing around was over, the nonsense and time wasting were over—but not until he had plucked one more pearl from Boswell or Dr Johnson.

The result was that on only the second vote of the administration the count on a show of hands was 36-36, Labour avoiding defeat only because Mr Adrian Slade, the sole Liberal, voted with them in favour of establishing a police committee.

In the ensuing division the Labour group won comfortably but as Mr John Ward, the new chairman of the council, said: "The whips had better start doing some work."

The meeting was less than two hours old and five Conservatives and 14 Labour members, many of them attending their first meeting, had drifted out of the chamber at the wrong time.

The most influential personality of the meeting—Mr Ted Knight, the Marxist leader of Lambeth Council—was not even there. He failed to win a seat on the GLC but both sides referred to him—mainly because he has been appointed an adviser to the Labour group and will be the "trouble-shooter" in GLC-central government relations.

Even with all the changes proposed—shorter meetings, votes only on a show of hands without divisions and division bells, proxy voting and guillotines—there still seems little chance on yesterday's showing of avoiding GLC meetings which drag on through the afternoon, evening and half the night.

"It is a shambles so far," said one Left-wing Labour member attending his first meeting. But he did not want to be named.

£80m aid pledge for information technology

By Elaine Williams

THE GOVERNMENT is to spend £80m over the next four years to aid the development of information technology—the so-called "office of the future."

Announcing the scheme yesterday, Mr. Kenneth Baker, Information Technology Minister, said that the money—to be provided through a re-allocation of existing Department of Industry funds and projected spending—will be used to encourage the development and wider application of information technology throughout industry.

Information technology is the bringing together of cheap computer technology and telecommunications. It includes office automation, computer information systems such as Prestel, satellite business communications and data processing.

The latest scheme brings the total amount of Government funds committed to the development of electronics-related new technology since 1978 to over £200m. The Government has diverted funds from other industries to give priority to information technology.

Support for the development of new products will be given to any company—ranging from a large computer manufacturer to a small word processing company—providing it meets the Government criteria. Up to 25 per cent towards development costs or, in some cases, a 50 per cent shared cost is available.

Allocations of the funds will be through three existing DoI schemes: The Product and Process Development Scheme which provides development support; the Electronics and Avionics Requirement Board which funds research; and the Software Products Scheme run by the National Computing Centre on the DoI's behalf.

The levels of funding for these schemes are effectively doubled at the expense of four other requirement boards which cover mechanical engineering, materials and chemical, metrology and textiles.

In addition, the Government will make selective public purchases of automated office equipment and establish pilot studies and demonstrations of such equipment within Government departments.

The Government is anxious that British industry participates in information technology, the market for which is estimated to be worth £50bn a year worldwide and is growing at a rate of 10 per cent a year.

Already there are fears that Britain is falling behind in the technology as countries such as the U.S., France and West Germany have already committed large sums to develop products which will revolutionise the handling, transmission and storage of information.

Background, Page 8

Continued from Page 1

Berisford

in the six months to the end of March—a particularly depressed trading climate for sugar and cocoa. Only three months ago Mr Ephram Margulies, the chairman, had prepared shareholders in his annual statement for a continuing depression in world commodity markets.

Yesterday Mr Margulies attacked British Sugar's financial policies and cast doubts over the future dividend growth of the company should it remain independent.

"Inadequate amounts are being set aside to replace assets which would cost £380m to replace today," he said, adding that British Sugar should make additional provision for depreciation.

He also stressed the sugar grower's vulenrability to the weather.

County Bank, which is advising Berisford, said that the group had bought a further 160,000 shares in the market in the past couple of days. This has not, however, taken its holding above 10 per cent.

Caution on Civil Service pay talks

BY PHILIP BASSETT, LABOUR STAFF

THE GOVERNMENT seems unlikely to make significant concessions on Civil Service pay when it meets union leaders today in a mutu ally-cautious attempt to break the deadlock in the 12-week-old dispute.

The talks, the first for more than a month, are likely to be exploratory, preparing the ground for what could be a series of discussions on areas of both sides' proposals on pay.

Union leaders have suggested a number of meetings over the next few days, including the weekend if necessary. But any series of talks could be drawn out because Mr Barney Heyhoe, Civil Service Minister, who will be leading the official side today, will have to report to Lord Soames, the Lord President of the Council, who has to report to the Cabinet and its Civil Service pay committee. Union leaders will also want to consider the position step-by-step.

The prospects of today's talks developing into a series depends to some extent on whether union militants carry out their threat to walk-out if there is no improvement on 7 per cent for this year.

More cautious union leaders acted yesterday to counter this. A two-hour meeting of the Council of Civil Service Unions' negotiations committee agreed to attend today's talks, but then spent much time agreeing a proposed agenda which would examine the offered inquiry into future Civil Service pay determination followed by the offer of a relaxed cash limit for 1982, and only then pay in 1981.

This agenda, later accepted by the Civil Service Department, could mean that this morning's talks may not even reach 1981 pay. Officials on both sides, having seen the unions coaxed into talks after a number of attempts, are keen that the initiative is not hastily disposed of.

However, the unions' position will be stiffened by their threat of a strike from June 8 in sensitive benefit-payment areas, and by a letter proposing talks from Mr Bill Kendall, CCSU secretary general, to Lord Soames, which said: "We believe that (this) represents what may be a final opportunity to resolve the current dispute before it moves into an irretrieveablest age."

The unions will be pressing for details of the terms of reference of an inquiry, its composition, and any difference in its status to that of a royal commission. Regarding 1982, they will want to know how the pay provisions of next year's cash limit fort he service will affect a pey settlement, and the availability of arbitration.

Major concessions from the CSD seem unlikely. The financial possibility of the cash limit for this year yielding more than 7 per cent—up to ¾ or 1 per cent extra—seems strong but senior ministers are opposed to it. Union leaders believe the Cabinet meeting set for June 4 could be crucial.

The union's offer of talks without pre-conditions which led directly to today's meeting has drawn strong criticism from some local CCSU committees which have been running the strikes. Telegrams from Liverpool, Leeds, Hull and Scotland have been particularly sharp.

Computer staff at the Swansea Driver and Vehicle Licensing Centre were called outon strike yesterday. This shut down the computers again, after a brief re-start following edliveries of supplies by management crossing the picket lines last week.

Dockers set deadline on inland freight jobs

BY PAULINE CLARK, LABOUR STAFF

DOCKERS' DEMANDS for the right to inland freight-handling jobs, which caused a political storm during the Labour administraton, have reappeared. The dockers are threatening national industrial action if their demands are not met in three months.

At issue is the controversial 1976 Dockwork Regulation Act, passed by Labour in the face of Tory opposition but never implemented. The Act empowers the Employment Secretary to set up a "corridor" around registered ports in which dockers' unique employment conditions would be enforced.

The threat to the Government arises from a decision by union delegates of Britain's 20,000 dockers to set a three month deadline for the completion of a new draft dock labour scheme which would identify extended areas of work for registered dockers.

Dockers' leaders in the Transport and General Workers Union say the Government is "deliberately dragging its feet" and warn that they are prepared to tolerate no further delay in carrying out the obligations of the 1976 Act.

Discontent over the issue has been fanned by fears of further widespread redundancies among dockers. This follows the recent success of port employers in London and Liverpool in shedding some 2,500 dockers through voluntary redundancies, aided by a temporary Government topping-up supplement to severance payments.

Under the Act the present Government, like its Labour predecessor, is obliged to establish definable dock areas everywhere within half a mile of a harbour registered under the dock labour scheme.

The creation of what is known as the "half mile corridor" involves identifying port by port those companies, notably in the cold storage business, which undertake work formerly carried out on a quayside by dockers before the container revolution.

The dockers also want non-registered ports handling substantial cargo traffic to be brought into the scheme, to arrest the movement of dock work to those ports.

The problem for the dockers is that the requirement for the Government to prepare a draft scheme carries no time limit in the Act.

The Department of Employment emphasised yesterday that over the past nine months it had been at pains to carry out its obligation. Ministers had visited port areas in many parts of the country with the intention of producing a draft scheme.

But dockers' leaders suspect the Government is not trying very hard. Mr James Prior, Employment Secretary—who has come under pressure to repeal the Act—will face the same kind of problems over the issue which confronted Labour.

The present Government would also face renewed opposition from a powerful lobby in the cold storage business, and from non-scheme port employers who would resist any plan to force them to employ registered dockers.

Weather

UK TODAY

MOSTLY rainy, drier by evening.

London
Mainly dry. Max 18C (64F)

SE, SW England, Central Southern England, Channel Is, S. Wales
Hill and coastal fog, maybe drizzle. Max 17C (63F).

Midlands, E Anglia, E England, N Wales, NW England, Central Northern England
Drier later in day. Max 16C (61F)

Lake District, Isle of Man, NE England, Borders, SW Scotland, Northern Ireland
Rain, drier in evening. Max 15C (59F)

Edinburgh, Dundee, Aberdeen, Glasgow, Central Highlands, Argyll
Rain later in evening. Max 15C (59F).

Moray Firth, NE Scotland, NW Scotland, Orkney
Isolated showers. Max 14C (57F).

Shetland
Occasional rain. Max 9C (48F)

Outlook: Thundery, rain later. Becoming warmer.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio		—	—	L. Ang.†	F	22	72
Algiers		—	—	Luxmbg.	F	13	55
Amsdm.	F	15	59	Luxor		—	—
Athens	S	23	73	Madrid	S	23	73
Bahrain	S	33	91	Majorca	S	23	73
Barclna.	S	20	68	Malaga	S	22	72
Beirut		—	—	Malta	F	23	73
Belfast	F	15	59	Mchstr.	C	14	58
Belgrd.	C	17	63	Melbne.	F	15	59
Berlin	F	18	64	Mx. C.†	F	20	68
Biarritz	S	23	73	Miami†	F	24	75
Bmghm.	C	14	57	Milan		—	—
Blackpl	F	13	55	Montrl.†	R	20	68
Bordx	R	16	61	Moscow		—	—
Boulgn.		—	—	Munich		—	—
Bristol	F	15	59	Nairobi	F	24	75
Brussels	C	15	59	Naples	S	21	70
Budpst.		—	—	Nassau		—	—
Cairo		—	—	Nwcstl.	C	14	57
Cardiff		—	—	N York†	F	25	77
Casbca.		—	—	Nice		—	—
Cape T.	S	20	68	Nicosia		—	—
Chicg.†	S	18	64	Oporto		—	—
Cologne	C	16	61	Oslo	R	11	52
Cpnhgn.	S	17	63	Paris	R	14	57
Corfu		—	—	Perth	C	17	63
Denver†	S	23	73	Prague		—	—
Dublin	C	12	54	Rykjvk.		—	—
Dbrvnk.		—	—	Rhodes		—	—
Ednbgh.	C	13	55	Rio J'o†	S	23	73
Faro		—	—	Rome	S	21	70
Florence	F	20	68	Salzbrg.		—	—
Frankft.		—	—	S'cisco†	S	18	64
Funchal		—	—	S. Mrtz.		—	—
Geneva	R	10	50	Singapr.		—	—
Gibrltr.	S	21	70	S'tiago		—	—
Glsgw.	C	14	57	Stckhm.	C	17	63
G'rnsey	R	11	52	Strasbrg.		—	—
Helsinki		—	—	Sydney	F	21	70
H. Kong	F	30	86	Tangier		—	—
Innsbrk.	S	16	61	Tel Aviv		—	—
Inverns	S	15	59	Tenerife		—	—
I. o. Man		—	—	Tokyo	C	20	68
Istanbul		—	—	Trnto.†	F	17	63
Jersey	R	11	52	Tunis		—	—
Jo'burg	S	18	64	Valencia		—	—
L. Plms.		—	—	Venice	S	20	68
Lisbon	S	23	73	Vienna	C	15	59
Locarno		—	—	Warsaw		—	—
London	R	13	55	Zurich		—	—

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures

British motor component makers reject Nissan quality criticism

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

SUGGESTIONS BY Nissan that British motor component makers could not match the quality of their Japanese counterparts were firmly rejected last night by the UK industry.

The criticism came from Mr. Masataka Okuma, executive vice president of Nissan, when he was discussing the possibility of his group setting up a car plant in Britain. He also made it clear that a final decision on the project would now not be made until towards the end of July at the earliest.

Mr. Okuma said that during a feasibility study over the past months hundreds of component makers in the UK had been approached.

"So far what we have found is that there will be some problem in maintaining the same quality as we enjoy in Japan."

But he indicated that, if Nissan went ahead with its car project, it would "make special efforts to talk to local parts manufacturers so that the quality in general will be improved," rather than encourage Japanese component suppliers to set up in Britain.

Nissan has already caused considerable anger among UK component makers by saying it would only gradually build up local component supplies for its plant from 60 to 80 per cent.

A senior executive at one prominent component company said yesterday: "We are not a Third-World market with no tradition of manufacturing components. In general the British industry is well ahead of the Japanese in the technology it has to offer." He referred to remain anonymous—"because we hope to get some business from Nissan."

A formal statement by the Society of Motor Manufacturers and Traders made the point that the UK industry exported £3bn of motor components last year to various parts of the world. British component designs are widely used under licence in Japan.

"There is no reason why the British industry should not meet the specification, quality standard or delivery requirements of Nissan," the society added.

Nissan originally intended to make an announcement early in June about whether it intended to go ahead with the car plant in Britain. But the feasibility study, which included inspections of potential sites for the plant, took longer than expected and was not completed until last week.

It became clear during Mr Okuma's interview with Jimmy Young in a BBC radio programme from Japan yesterday that the company will not make its final decision until towards the end of July at the earliest.

For much of his interview yesterday Mr. Okuma gave the distinct impression that he expected the project, which would involve Nissan producing around 200,000 Datsun cars a year in the UK from 1984 onwards, to go ahead.

EEC fails to win commitment from Tokyo on cars, Page 6; Honda London listing, Page 26

Rise in jobless

Continued from Page 1

ever, which tie in with other evidence that the recession has begun to level out. Apart from the slower growth of the unemployment total, the average monthly flow on to the register has declined steadily since last December. The number of people on short-time working in manufacturing industry has also dropped—from 594,000 in January to 510,000 in March.

Unemployment tends to lag behind changes in the trend of output so the jobless total looks likel yto rise over the next few months, possibly to an adult figure of between 2½m and 3m by the end of this year.

There is also no evidence of a general economic upturn as opposed to a levelling out of activity since the demand for labour has not picked up. Vacancies notified to Department of Employment offices (probably around a third of the total) dropped by 2,600 in the month to mid-May to 91,700, seasonally adjusted, and the flow on to the vacancies register remains very low.

Redundancies affecting 10 or more workers are expected to have been roughly 50,000 in April, roughly on the same scale as in the period since last summer.

The shake-out in manufacturing industry appears to be slowing down, however, as the decline in this sector's employment has slipped to a monthly average of 51,000 in the first quarter of this year compared with 77,000 a month in the October-to-December period.

By March manufacturing employment had fallen by 970,000 to 6.1m (or 14 per cent) since the start of the recession in mid-1979. The biggest relative declines have been in metal manufacturing (down 24 per cent) and in textiles (down 21 per cent).

The problems of manufacturing have been reflected in the particularly sharp rise in unemployment in the West Midlands.

THE LEX COLUMN

Cash consolation for Courtaulds

The Federal funds rate — and Chase Manhattan's prime — were heading down yesterday, bringing the dollar lower but putting heart into bond markets. Long-dated gilt-edged put on nearly a point, with the bulls looking for an end to the Civil future.
Service strike in the near

Index rose 0.2 to 545.6

Courtaulds

Courtaulds has been shrinking at something near the speed of light, and its 1980-81 figures are an astonishing specimen of relativity accounting. At the pre-tax level the group remained just in the black in the year to March (at £5.1m against £68.1m), but a loss of £16.5m after tax and minorities is swollen to £114.1m at the attributable level after extraordinary items totalling £121.7m before tax relief. Yet cash has poured back into the company, and net debt is down £70.4m to £196.0m, roughly half shareholders' funds.

Some £41m of the below-the-line charge relates to additional depreciation, which in the case of some assets may be the prelude to further closures, although these are likely to be modest by the standards of the last 18 months. Around £40m of closure provisions were unspent at the year end, but this outflow is likely to be more than offset by receipts from the sale of assets. Net working capital fell by £152m last year and fixed asset sales brought in £38m, while the group still possesses what might be described as an extensive portfolio of prime industrial property.

It is not going to be a forced seller of any of this, since the balance sheet looks very solid—the net borrowings total is only £25m or so more than Courtaulds' issues of loan stocks and bonds, which now provide cheap money. As for sales volume, the group refuses to get excited about the modest upturn of the past couple of months; it may be no more than a re-filling of the pipeline after a year in which UK textile volume has fallen by 20 per cent.

Courtaulds' overseas businesses are holding up well (International Paint announced good figures yesterday) and there must be plenty of loss elimination to come through this year, even if the remaining fabrics, fibres and yarn businesses are not helped by a jump in volume. Yesterday's 3p fall in the share price to 64p looks like an over-reaction to the extraordinary items; worthwhile recovery at Courtaulds, a tenuous hope not long ago, is becoming a reasonable expectation.

Berisford/BSC

Having received acceptances of just 0.21 per cent to its first bid for the British Sugar Corporation, S. and W. Berisford has tried harder, but probably not hard enough. The cash bid is raised from 285p to 335p a share (where BSC shares stood yesterday) and the new equity offer values BSC at 360½p a share with Berisford shares at 132p.

British Sugar shareholders would actually see their income fall slinghtly if they accepted the paper bid, for Berisford is not entering into a dividend auction — indeed, it accuses BSC of overdistribution. With respectable interim figures from Berisford yesterday (pre-tax profits edged ahead from £16.8m to £17.4m despite rather less helpful trading conditions) it is proposing a relatively sedate 15 per cent increase in the annual payout.

Berisford's offer is not described as final, and it has nearly three weeks to come back with a higher bid. Yet it paints so gloomy a pciture of BSC's business that BSC shareholders may wonder why it wants to acquire it.

The Government is unlikely in BSC until the issue is decided. Only 13 per cent of BSC shares are held by individuals and institutions are likely to feel that anything much below £4 a share is on the low side for a business which, as Berisford points out, has net worth of 630p at replacement value.

Greenall Whitley

Slowly but surely the brewers are clawing their way back to favour with investors. In the wake of the slump in beer production last summer, the traditional premium of the FT-Actuaries breweries index to the All-Share reversed into an 18 per cent discount. By November the discount had narrowed to 10 per cent and since then, as indications of the brewers' resilience have emerged, it has moved to a mere 3 per cent. Greenall Whitley's results yesterday provide more evidence of the way the brewers have been able to counter the effects of falling beer volume by sharp price increases. Two smaller regional brewers, Young and Co and Buckley, have also managed to increase, or hold pre-tax profits in the six months to March.

In fact Greenall's volume has declined by less than the industry average for this period of about 5 per cent, even ignoring the extra output due to the Ansells' dispute. Pre-tax profits, at £9.7m, are up by 8 per cent, a modest increase for tihs group, although the comparison is with an extremely buoyant period. Margins in beer have improved, while the contribution from other divisions has declined, with the fall in hotel occupancies now hitting the provinces. But the Budget increase in duty is turning out to be less painful than feared and from May the comparison is against the poor trading conditions of last summer. So the full year outcome may be £23m, against £19m. The shares, down 2p at 142p yesterday, offer a prospective yield of 3½ per cent.

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